C2710-3

Automotive News

May 28, 1990

©Entire contents copyright 1990, by Crain Communications, Inc. All rights reserved.
Reproduction or use of editorial content in any manner without permission is strictly prohibited.

65th year—$65.00 per year, $2.00 per copy

Thomas Moore of Arlington, Va., discovered that the extended vehicle service contract he bought along with his new car in 1986 was virtually worthless after the contract administrator withdrew from the business.

Service contracts under siege

Underfunded administrators fold; insurers quit business

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

CONTRACT Casualties

From his stately colonial office plaza in Geneva, Ill., Jim Williams sells car phones, fax machines, computers and beepers. He is also president of First National Warranty Corp., an administrator for vehicle service contracts.

It's a lofty title, but empty. First National discontinued operations Jan. 10 after Williams was unable to find an insurance company willing to underwrite his extended-service contracts.

"We are not accepting any new business," he says. "We turned over administration of existing contracts to the insurance companies."

Williams isn't alone. The extended-service-contract industry is under siege. In a multibillion-dollar industry, millions of customers bought contracts through companies that eventually gave up selling them.

More than 15 companies — known as administrators — have disappeared from the landscape in the last three years. When that happens, either insurers, car dealers or car buyers get stung.

Some administrators have filed bankruptcy, turning over their existing service contracts to insurers to manage. Others have withdrawn to sell other kinds of automotive products.

And more administrators are expected to follow.

Insurance companies typically guarantee the contracts. Now, saddled with hundreds of millions of dollars in losses on extended-service contracts, insurers are hastily exiting the business.

State officials in California, Florida and New York are stepping up efforts to police the industry.

And automakers are cutting ever deeper into private administrators' market share with

see CONTRACT, page 22

Ford again shuns carryover rebate; will offer incentives

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

As a buffer to what looks like a tough buildout period, Ford Motor Co. will offer incentives of up to $1,500 on 1990 models after its 1991 models go on sale this fall. The incentives will be in lieu of a carryover allowance and will run until Dec. 31.

In May 10 letters to Ford and Lincoln-Mercury dealers, Ford said the company will offer $400 to $1,000 on 1990 Ford Division cars and trucks and $500 to $1,500 on Lincoln and Mercury cars sold after the 1991 models are introduced until Dec. 31.

Ford's launch date for 1991 models is tenatively scheduled for Sept. 28.

The letter to Ford Division dealers said the company's 1990 car production plans for the remainder of the model year, excluding 1991 Crown Victoria and 1991 Escort, will be 37 percent below the same period in 1989. Truck production for the remainder of the model year, excluding the 1991 Explorer, will be down 19 percent from the year-ago period.

The post-introduction incentives, which Ford said will likely be in the form of dealer cash, will be given in lieu of a carryover allowance. Ford offered consumer rebates but no carryover allowance in the 1989 cleanup period.

That makes Ford the second automaker to plan the 1990 model cleanup without using the traditional carryover allowance. Earlier this year, General Motors told its dealers it would pay them 5 percent of the sticker price of 1990 models at the time each vehicle is sold. The GM plan also will run from 1991 introduction until Dec 31, 1990.

The actual Ford plan for cleanup incentives will depend on competitive year-end cleanup programs, Ford Division General Sales Manager Philip Novell said in the letter to Ford dealers.

But dealers may have to choose

see FORD, page 37

United Airlines unions woo Greenwald to head carrier

By Mark Hornung
CRAIN NEWS SERVICE

United Airlines' three unions are courting Gerald Greenwald, vice chairman of Chrysler Corp., to run the carrier if its employee buyout is successful.

Greenwald has emerged as a leading labor candidate for the top job at United, according to a story in the May 28 issue of *Crain's Chicago Business*, a sister publication to *Automotive News*.

Greenwald was out of the country last Friday and could not be reached for comment, but a Chrysler spokesman said, "There's absolutely nothing to it."

Greenwald

One source close to Greenwald termed the likelihood of the Chrysler executive accepting the United job as "a long shot."

The source added, however, that Greenwald has doubts that Chrysler Chairman Lee Iacocca will make good on an earlier public pledge to step aside by 1991.

If the unions succeed in wooing Greenwald to succeed current Chairman and CEO Stephen M. Wolf, it would be a huge breakthrough in their efforts to acquire United's parent, UAL Corp.

Well-placed sources described negotiations as "progressing well, but not yet done." Sources added that if a deal with Greenwald is

see GREENWALD, page 36

Japanese buy second California dealership, seek more

By Kristine Stiven Breese
AUTOMOTIVE NEWS STAFF REPORTER

LOS ANGELES — Champion Nissan, a Northern Califonia dealership, was scooped up by one of Japan's largest trading companies last month for more than $4 million.

The Pittsburg dealership is the second California automotive dealership bought by Nissho Iwai Corp. of Osaka, Japan.

Two years ago, Nissho Iwai purchased Weatherford BMW, which has since moved from Emeryville, Calif., to Berkeley, Calif.

"We are planning to add more dealers, and I like relatively large operations," says Hideaki Yasukochi, a former Nissho Iwai manager and the current president of Weatherford Motor Inc., the nation's sixth largest BMW dealer.

He says Nissho Iwai is close to signing another agreement, this one in Southern California, and is considering "the top 10 dealers in every franchise in terms of profit" for possible acquisition.

Nissho Iwai is the sixth largest of Japan's general trading companies with annual sales in 1989 of $73 billion. It has 7,000 employees in 182 offices around the world.

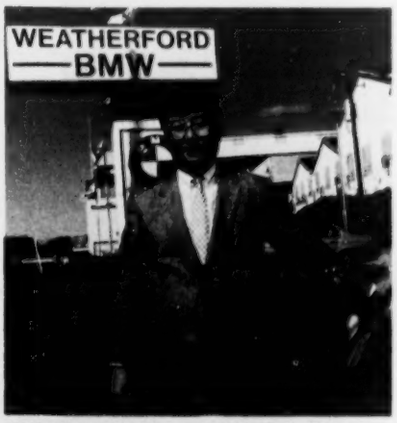
Yasukochi came from Japan to California to search out auto-related investments for Nissho Iwai. Although he retains no official title at Nissho Iwai, he is its point man for U.S. dealer acquisitions.

As the industry plods through what seems likely to be another tough year for retail sales, many dealers are interested in selling, according to John Campbell, president of Campbell Automotive Group, a network of 12 franchises in Southern California's Orange and Riverside counties.

"Business is soft and lots of dealers want to sell, but if you do a return-on-investment analysis, a lot of buyers won't bite.

"But the Japanese have a long-term perspective, and you can make a lot of deals possible if you're basing it on a possible 50-year return," Campbell says.

see NISSHO, page 37



Hideaki Yasukochi scouts U.S. dealerships for Japanese trading group Nissho Iwai Corp.

NEWSPAPER

BETHESDA MD 20814
4520 EAST-WEST HWY STE8
CCNGRESSICNAL INFO SERV
ACQ EDITOR SRI
ACQ EDITOR
#0303229O8 2#01AN02251 99V9Z
#26J0000000005-DIGIT 20814

Japanese management still a mystery:
Americans find Japanese management style puzzling, according to a survey of 4,500 people who work for Japanese companies in the United States. Page 6.

Grim reaper Ford stalks AC Cars, Ace project

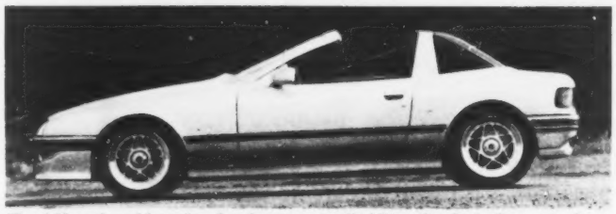
By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — Ford Motor Co. has applied to the British courts for permission to liquidate AC Cars Ltd., the British sports car company it has controlled since 1987.

Ford's decision to dissolve AC, which has not produced a car in years, means that the enthusiastically awaited AC Ace sports car project has apparently bitten the dust after several years in limbo.

But AC minority shareholder Brian Angliss has served notice that he will oppose Ford's petition to liquidate the company.

Presumably, he will seek to continue the project.



The 140-mph, mid-engine Ace has apparently bitten the dust after years in limbo. It may be the second British sports car Ford has canceled in 1990.

The 140-mph, mid-engine Ace may be the second British sports car effort Ford has canceled this year. It also has dropped the Jaguar F-type. Ford acquired Jaguar plc last fall.

The targa-top Ace appeared as a prototype at the Birmingham, England, auto show in October 1986. Based on Ford mechanicals, the four-wheel-drive two-seater was designed and developed by AC Cars and Angliss' Autokraft firm, an authorized replicator of the Cobra, in Brooklands, England. Ford of Europe design group employees were consultants on the project.

In October, 1987, Ford acquired 50.96 percent of AC for £1.3 million ($2.2 million) from AC Holdings Co. with the intention of putting the Ace into production. The rest of AC is owned by Angliss.

Angliss and Ford sought to revive the marque, which has a history, albeit checkered, dating back to the turn of the century. In late 1987, plans were announced for a new £5 million ($8.4 million), 90,000-square-foot development and manufacturing center for AC Cars at Byfleet, Surrey.

That factory, in the Brooklands Industrial Estate, has since been completed and is turning out Autokraft products.

Ace production was expected to be fewer than 500 units annually. When the car debuted, it was slated to be on sale in North America by the end of 1987. But the show car was overhauled after Ford took control, and the project suffered a series of setbacks as the partners quarreled.

"There were a number of revisions and a fair amount of rede-

see ACE, page 38

Big 3 sales continue dive; cars, trucks dip in mid-May

10-DAY SALES
DOMESTIC BUILT

	May 11-20, 1990	May 11-20, 1989
CARS		
Eagle	1,078	1,415
Chrysler	5,944	6,559
Dodge	8,164	13,880
Plymouth	5,861	8,545
CHRYSLER MTRS.	**21,047**	**30,399**
Ford	28,297	46,458
Lincoln	6,061	6,333
Mercury	7,554	13,719
FORD MOTOR	**41,912**	**66,510**
Buick	9,248	16,401
Cadillac	6,086	10,207
Chevrolet	29,972	39,919
Oldsmobile	11,522	19,048
Pontiac	15,738	21,479
GENERAL MTRS.	**72,566**	**107,054**
HONDA	**11,076**	**10,178**
MAZDA	**1,272**	**985**
MITSUBISHI	**1,154**	**854**
NISSAN	**1,907**	**1,312**
SUBARU	**100**	**—**
TOYOTA	**8,820**	**4,572**
U.S. CAR TOTAL	**159,854**	**221,864**
TRUCKS		
Chrysler	63	—
Dodge	12,373	16,746
Jeep	4,973	7,690
Plymouth	3,916	5,949
CHRYSLER MTRS.	**21,325**	**30,385**
FORD MOTOR	**34,864**	**44,583**
Chevrolet	29,997	39,969
GMC	8,064	13,204
Oldsmobile	418	—
Pontiac	880	—
GENERAL MTRS.	**39,359**	**53,173**
ISUZU	**373**	**—**
NISSAN	**2,544**	**2,198**
U.S. TRK. TOTAL	**98,465**	**130,339**
U.S. CAR-TRUCK TOTAL	**258,319**	**352,203**

There were 8 selling days in the period this year and 9 last year.

By Kathy Jackson
AUTOMOTIVE NEWS STAFF REPORTER

Sales of domestically produced new vehicles continued to plunge in mid-May. Sales of cars and trucks totaled 258,319 units, compared with 352,203 a year ago.

There were eight selling days this period and nine last year. The daily selling rate was 32,290 units, compared with 39,134 in 1989. The dip in the daily selling rate was 17.49 percent. The actual total declined 26.66 percent this year.

Car sales were down 27.95 percent, while truck sales dropped 24.45percent.

All Japanese transplant automakers experienced sales growth, but the Big 3 faltered. General Motors' vehicle sales were down 30.15 percent; Chrysler Corp. was off 30.29 percent; and Ford Motor Co. slipped 30.89 percent. Only six car nameplates produced by the Big 3 had sales increases; four of those were luxury models.

For the second straight 10-day period, every Ford and Mercury nameplate nosedived. Ford Taurus sales fell 52.08 percent, while Mustang dropped 49.28 percent. Sales of the new-for-1990 Lincoln Town Car were up 33.13 percent.

Ford sold 34,864 trucks, compared with 44,583 last year.

Chevrolet, which had been experiencing modest growth due to its Geo Prizm, saw total car sales shrink 24.92 percent. Dealers sold 435 fewer Prizms this year.

Sales of Chevrolet's redesigned Caprice were just about even with 1989. Corvette was the only Chevy to post a gain; its increase was 10 units.

Sales were down at each GM car division, though sales of the Cadillac Seville, Oldsmobile Toronado and Pontiac Grand Prix were up.

With the exception of Plymouth Laser, every Chrysler nameplate suffered a drop in sales. Laser sales rose to 1,148 from 748 last year.

Chrysler's car sales edged truck sales by 278 units (21,325 vs. 21,047). Truck sales slipped 29.82 percent from year-ago figures.

Honda led the transplants' car sales assault, followed by Toyota. Honda sold 11,076 North American-built Civic and Accord models, an 8.82 percent increase over 1989. Toyota continued to pick up speed with its Corolla and Camry, racking up 8,820 sales, a 92.91 percent jump.

Mazda's sales were up 29.14 percent; Nissan's car sales jumped 43.35 percent. Nissan was the only domestic truckmaker to report an increase. Sales rose 15.74 percent.

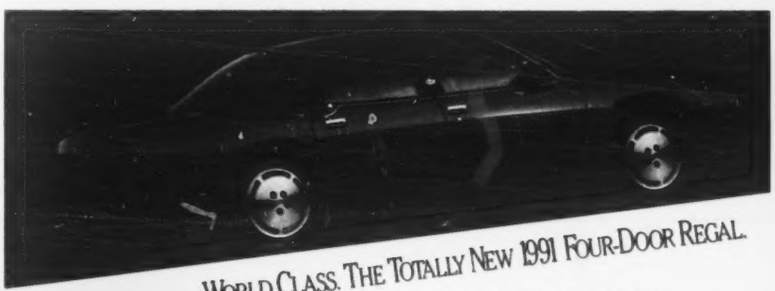
INDEX

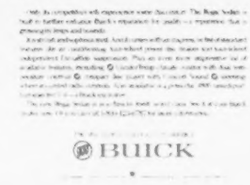
Around the world	18
Auction dates	27
Classifieds	28-35
Digest	37
Incentive watch	38
Late news	8
Marketing and media	19
Opinion	12
Personnel	25
Production	39
Recreation on wheels	16
Sports	35

65th year—No. 5341

Advertising Production Department (313) 446-6063
Circulation Department
In Michigan (313) 446-0480
Outside Michigan 1-800-992-9970
Classified Ad Department (313) 446-6065
Display Ad Department (313) 446-6030
Editorial & Business Offices (313) 446-6000

AUTOMOTIVE NEWS (ISSN 0005-1551) is published weekly except semiweekly the fourth week in May at 1400 Woodbridge, Detroit, MI 48207. Second-class postage is paid at Detroit, MI and at additional mailing offices. Postmaster: Send address changes to AUTOMOTIVE NEWS, Circulation Department, 965 E. Jefferson, Detroit, MI 48207.





The 1991 Regal's magazine ad schedule includes *Time*, *Newsweek*, *Sports Illustrated*, *People*, *Travel and Leisure* and *Golf Digest*. The print portion gets under way this week.

REGAL SEDAN: *Buick pitches with patriotism for introduction of '91 model*

By Arlena Sawyers
AUTOMOTIVE NEWS STAFF REPORTER

Inside a huge airplane, workers, clad in overalls, remove the cover from an automobile, revealing a 1991 Buick Regal sedan.

The car is driven off the plane and met by a crowd of Japanese executives and engineers, who look bewildered and awed as they examine it from top to bottom.

The voice-over entones: "Introducing an American automobile that will compete with any car in its class, anywhere."

So begins Buick's television ad campaign introducing the 1991 Regal four-door sedan. Buick has created five commercials using the same theme; two similar spots are set in Germany.

The campaign, which breaks this week during prime-time TV, is in keeping with General Motors' and Chrysler Corp.'s recent assertions that American-made cars are just as good, if not better, than their foreign-made competitors.

Jay Qualman, Buick's general director of advertising, said the effort is aimed at buyers of mid-sized American sedans. The campaign, he said, allows Buick to further enhance its image for producing quality cars and position the Regal sedan as a formidable world-class contender.

Qualman

"We're not really after the import market," he said. "We're not saying we're building an import clone. We're not trying to put down the Germans or the Japanese. Our sales are on the upswing and our quality is good. We're the newest intermediate on the block."

Qualman said the effort is a major introduction for Buick that will be supported by a heavy media schedule. "You only get to launch a product once," he said. "The price of failure is high. When you have a new product, you can stimulate sales of other products as well."

Buick's TV commercials for the Regal sedan include two 15-second and two 30-second spots and one 60-second spot. All end with the tagline, "The symbol for quality in America and beyond" and display Buick's tri-shield symbol.

The commercials will appear on *Cheers* and *L.A. Law*, major league baseball games, Monday night football games, television movies and the Buick Classic Golf Open.

The print campaign features three-page color spreads attached to the covers of major magazines. Two-page spreads will appear later.

Qualman declined to say what Buick is spending on the launch.

L-M air-bag retrofit set for October

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

TEMPE, Ariz. — Lincoln-Mercury officials believe it will be late October before dealers will be able to retrofit passenger-side air bags into sold 1990 Lincoln Town Cars and Continentals. The retrofitting program could cost Ford Motor Co. several million dollars.

The automaker has been producing Continentals and Town Cars without passenger-side air bags since March.

A fire at Sabag Inc.'s Canadian plant in March curtailed shipments of propellant to Ford's chief air-bag supplier, TRW Inc., which manufactures the passenger-side air-bag modules for both cars. Sabag is a joint venture between TRW and Canada's ICI.

L-M General Manager Ross Roberts said Ford's first priority is to retrofit the 1990 models with passenger-side air bags.The bags will be installed on 1991 production cars after enough propellant is produced for the retrofit program. L-M dealers probably will have to retrofit 1991 cars built from September to late October.

Ford President Philip Benton said Sabag may have to defray some of the costs Ford will incur in installing the air bags in sold cars. The installation procedure is expected to take a dealer less than three hours per car.

As of May 18, 44,399 Town Cars and Continentals had been produced without the passenger-side air bag.

Roberts said Ford is projecting that 20 percent of 1990 Continental and Town Car owners will want the passenger-side air bag installed. But he said he believes 30 to 50 percent of consumers will request the retrofit.

Using an hourly rate of $40 per car and estimating a three-hour installation time, the retrofitting program could cost Ford as much as $2.6 million if the passenger-side air bags are installed in half the cars sold so far without them.

LATE NEWS

Mazda net income rises 58% to $168.2 million

TOKYO — Mazda Motor Corp. announced a 57.7 percent increase in net income to 26.5 billion yen ($168.2 million) for the fiscal year ended March 31. Net sales reached 2 trillion yen ($12.9 billion), an increase of 6.9 percent compared with the previous April-March term. Mazda changed its fiscal period in the last year. Before the change, the fiscal year ended Oct. 31.

Overseas sales were up only 0.8 percent to 805,997 units. That included what Mazda referred to as a "relatively small decline overall" in the North American market.

Mazda attributed most of its increased profit to strong sales in the Japanese market, where two new sales channels were established. Domestic sales set a record.

— Mary Ann Maskery

Honda net income falls 16 percent

TOKYO — Honda Motor Co. reported a 16 percent drop in consolidated net income to 81.6 billion yen ($517 million) for the fiscal year ended March 31. Honda attributed the decline to foreign exchange losses, interest costs, high depreciation costs and higher non-operating expenses.

A Honda North America spokesman said that early in the fiscal year Honda "hedged," or calculated its exchange rate in advance, assuming the yen would remain strong against the dollar. Instead, the dollar gained strength, which cost Honda money. For the fiscal year, $1 bought an average of 142.85 yen, compared to an average of 128.31 the previous year.

For the fiscal year, Honda reported a 10.4 percent increase in car sales in Japan and North America, to 3.8 trillion yen ($24.3 billion). The unconsolidated report, which did not include foreign subsidiaries, showed a net income decline of 1.3 percent to 53.2 billion yen ($337 million).

— Mary Ann Maskery

Fuji loses $187.3 million; year's loss higher than expected

TOKYO — Fuji Heavy Industries reported a 29.6 billion yen ($187.3 million) operating loss for the fiscal year ended March 31. That compares with the 23 billion yen ($145.5 million) loss the company forecast two months ago.

Most of the vital statistics for the company were negative. Net sales were 658 billion yen ($4.1 billion), a decline of 0.8 percent. Net income was 5.7 billion yen ($36 million), a drop of 47.3 percent.

Fuji attributed the losses to poor sales in the U.S. market and in the mini-market (under 660 cc) segment in Japan.

— Mary Ann Maskery

Ford hires Hispanic consulting group

Ford Motor Co. last week named the Hispanic Association on Corporate Responsibility a consultant on increasing Hispanic representation at Ford.

Ford will meet with the association at least once a year to review the company's accomplishments and plans for affirmative action and economic development. The association will identify Hispanic suppliers.

The Washington-based association is a non-profit coalition of seven national Hispanic activist groups. It targets corporations with agreements modeled after the NAACP's "Fair Share Agreement." Ford is the first automaker and fifth national corporation to sign the agreement.

— Greg Bowens

1989 advertising expenditures per unit

Bars show cost of an average car for the top five brands in per-unit advertising expense.

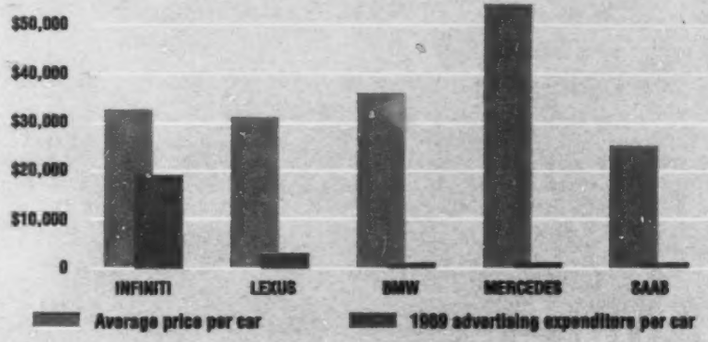


Table lists all automotive brands in Advertising Age's Top 200 brands by ad spending, on a per-unit basis.

CARS Manufacturer	Expenditure per unit	Manufacturer	Expenditure per unit	Manufacturer	Expenditure per unit
Infiniti	$18,927.68	Volkswagen	$ 392.70	Ford	$ 131.32
Lexus	2,823.27	Nissan	341.53	Plymouth	130.89
BMW	906.71	**AVERAGE**	**246.71**		
Mercedes-Benz	885.32	Toyota	229.04	**TRUCKS** Manufacturer	Expenditure per unit
Saab	821.49	Oldsmobile	214.82	Isuzu	$340.58
Subaru	811.75	Buick	199.32	Toyota	284.04
Acura	606.15	Dodge	180.02	Jeep	173.45
Mitsubishi	600.35	Cadillac	179.82	**AVERAGE**	**108.76**
Geo	584.73	Pontiac	164.37	Dodge	108.52
Chrysler	515.83	Lincoln	162.04	Ford	86.08
Mazda	478.86	Chevrolet	146.46	GMC	81.77
Hyundai	475.71	Honda	145.65	Chevrolet	80.16
Eagle	443.45	Mercury	138.17		

Source: Advertising Age, Automotive News

AUTOMOTIVE NEWS / MARTHA BRATTAIN

Limo manufacturer group demands safety compliance from members

The Limousine Industry Manufacturer's Organization last week demanded that members participate in the new Safety Compliance Seal Program or be dropped from the roster.

Members have 30 days to sign a public declaration promising to adhere to federal safety standards, maintain a quality control system and provide proof that the product meets federal guidelines.

The program follows a federal crackdown on companies that ignored requests from NHTSA for production related safety compliance information or were subject to over 19 recall campaigns.

Bob Hellmuth, director of NHTSA's Vehicle Safety Compliance Office, says it is a "step in the right direction," but his office will continue to pressure the industry to reach and maintain total compliance.

— Greg Bowens

Renault to repay $1.07 billion of subsidies

PARIS — Regie Nationale des Usines Renault SA will repay 6 billion francs ($1.07 billion) in government aid under a compromise settlement of a dispute between the European Commission and French government.

The amount is half the 12 billion francs ($2.14 billion) in aid received by state-owned Renault from the French government during 1988 in the form of a debt write-off. The subsidy was approved by the commission in Brussels at the time under terms the panel now says were not upheld.

Renault will return 3.5 billion francs ($537 million) immediately and 2.5 billion francs ($445 million) will be added to the company's long-term debt. French officials have indicated they might cushion Renault's loss through a capital increase next year.

The agreement with the EC bars a capital increase before Jan. 1, 1991, when AB Volvo officially takes a stake in Renault under a cross-ownership deal.

— Richard Johnson

Mitsubishi to join Daimler in building Soviet plant

TOKYO — Mitsubishi Corp. said it has agreed in principle to a request by Daimler-Benz AG to help build a large auto assembly plant in the Soviet Union. Daimler has announced that it wants to produce 240,000 to 300,000 units a year in a plant to be built near Gorki.

Some reports here say Mitsubishi would be expected to contribute commercial vehicles to the venture. But Mitsubishi Motors Corp. said Daimler has no concrete plan yet and that the project has to be considered as a long-term plan. Mitsubishi Motors said it is not planning to produce any vehicles in the plant.

In Stuttgart, a Mercedes-Benz AG spokesman confirmed that the two may cooperate in setting up an auto plant in the Soviet Union, but he said, "Nothing is decided. We've only had discussions." He said the plant would produce Mercedes' mid-range W124 line when production of those models ends in Germany.

Soviet truckmaker may offer 49% of shares to outsiders

FRANKFURT, West Germany — Kamaz, the state-owned Soviet truckmaker, may offer 49 percent of its shares to outside investors, including foreign companies, in a bid to raise fresh capital.

Kamaz Director Nikolai Bekh said in an interview with *Pravda*, the Communist Party daily, that the state enterprise needs an injection of funds to compete in world markets. He said the Soviet government could not be counted on to provide the 6 billion rubles ($3.6 billion) capital required over the next decade.

Issuing shares in Soviet companies has been permissible since 1988. The Kamaz proposal breaks new ground by allowing stock to a wider range of investors, including firms outside the Soviet Union.

Kamaz produces heavy trucks, most of which are exported to Communist bloc countries. The combine includes 13 factories throughout the Soviet Union.

— Richard Johnson

Acustar to invest $37.9 million in Michigan glass, axle plants

Acustar will invest $37.9 million at its McGraw Glass and Detroit Axle facilities, creating an additional 100 axle plant jobs.

Spokesmen for the Chrysler subsidiary said the investment is an effort to keep existing work forces and maintain the operations on a competitive basis.

McGraw Glass has 800 employees and is Acustar's primary glass facility. The plant recently completed a three-year, $65 million technological upgrade and will now get an additional $36.3 million for demolition of old warehouses. The added room is for construction of a Energy Conversion Center and primary substation.

Detroit Axle employes 1,000 and recently won a bid to supply Chrysler an additional 100,000 axles over the next two years.

BRIEFLY: *When Lido says buy, Lutz gives it a big try*

Chrysler Motors President Robert Lutz apparently has taken **Lee Iacocca's** message seriously. Earlier this year, Iacocca encouraged the company's 100 top managers to buy Chrysler stock. Well, Lutz said he will — in a big way. The auto exec is spending a year's salary on Chrysler stock. That salary, according to Chrysler's 1990 proxy, totaled $544,550 in 1989. Lutz already owns 7,058 shares and had options to acquire 246,500 more within 60 days, according to the April 13 proxy. Chrysler's common stock closed at $16 per share Thursday.

ROBERTS CAN STILL SELL 'EM: When asked, **Lincoln-Mercury General Manager Ross Roberts** can close a deal. Take, for instance, the New York attorney who was reluctant to take delivery of a Continental because a propellent shortage meant cars were shipped without the passenger-side air bags. To save the deal, a dealer asked Roberts to intervene. Roberts assured the attorney that the air bag would be installed as soon as possible. The attorney bought the car.

NEXT TIME, TRY ARUBA: The **Greater New York Automobile Dealers Association**, one of the nation's wealthiest dealer groups, last week canceled its June 3-6 convention because not enough dealers signed up. The association said many dealers couldn't spare three days away from the store due to the business climate. The speaker was to have been **Jerome R. McDougal**, president and chief executive officer of Apple Bank and a former Greater New York Automobile Dealers Association president. The location was Newport, R.I. Last year's convention was in sunny Bermuda.

STAR WARS: Who will have the largest privately held satellite communication network in the world? Well, **Chrysler Corp.** claims it will, once it completes linking its 5,400 dealers to the automaker's earth station in Highland Park, Mich. So far, 4,200 dealers are on line. **General Motors** says it will, once it connects its 9,700 dealerships to the GM Pulsat Network, which is expected by the end of 1992. Both systems are expected to replace "the existing land-based communications network" (which we used to call the telephone) and provide quicker movement of information between automaker and dealer.

Tough standards spawn optimism

Converters look for robust 1991 sales before new rules kick in

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

The sales outlook for the van conversion industry during the next 12 months is extremely good and will be aided by tougher federal standards due in the 1992 model year.

Industry officials point out that dealer inventories of van conversions are lower than last year, while retail sales are at least as strong as a year ago.

Most dealers are replacing what they sell with new wholesale purchases on a one-to-one basis, and some have shown a willingness to build inventory at least until mid-July, said Ron Chevalier, vice president of sales and marketing for Starcraft Corp.'s Automotive Division in Goshen, Ind.

Generally, interest rates are under control; fuel prices and availability are good; and Detroit manufacturers' incentive activities in support of vans are still strong.

General Motors dealers also can plan for buildout, since they no longer face the uncertainty over carryover allowances that plagued them at this time last year.

"Our order backlog has grown, and we're beginning to chase chassis. To the extent we find those chassis, we've increased production," said Chevalier, echoing sentiments of other converters like Glaval Inc. of Elkhart, Ind., and Mark III Industries of Ocala, Fla.

The 1991 model year has real growth opportunities from dealers and customers buying products before the 1992-model safety regulations kick in.

New crash-safety regulations will impact various structural and design aspects of van chassis, adding to cost.

But Dave Green, marketing manager of Bivouac Industries in Vandalia, Mich., said he believes pent-up demand will play an even stronger role in 1991.

He pointed out that in 1986 and 1987, which were strong sales years for the industry, many customers got into five- and six-year financing contracts.

After three years, those people "were still upside-down enough (owed more than their conversions were worth) to take a beating if they traded in their vehicles," Green added.

The 1986-model-year buyers are just now in a position to trade and, based on the high number of repeat van conversion buyers, "the last half of 1990 and 1991 should be very good, assuming there are no economic snafus," Green said.

"I wouldn't be surprised if the industry was up 7 percent in 1991," he said.

RECREATIONAL VEHICLE WHOLESALE DELIVERIES

	Mar 1990	Mar 1989	% change	2 mos 1990	2 mos 1989	% change
Travel trailers	5,800	5,900	- 1.7	15,100	15,000	+ 0.7
Park Trailers	600	600	+ 0.0	1,800	2,000	- 10.0
Travel trailers—fifth wheel	3,100	3,000	+ 3.3	8,300	8,000	+ 3.8
Folding camping trailers	3,400	3,900	- 12.8	9,300	9,800	- 5.1
Truck campers	1,000	1,100	- 9.1	2,400	2,500	- 4.0
Towable RV total	13,900	14,500	- 4.1	36,900	37,300	- 1.1
Conventional (type A)	3,100	3,400	- 8.8	8,600	10,100	- 14.9
Van Campers (type B)	600	500	+ 20.0	1,400	1,200	+ 16.7
Chopped vans (all)	1,900	2,400	- 20.8	5,000	6,300	- 20.6
Motor home total	5,600	6,300	- 11.1	15,000	17,600	- 14.8
Van conversions	16,100	18,000	- 10.6	44,700	51,300	- 12.9
TOTAL ALL RVs	35,600	38,800	- 8.2	96,600	106,200	- 9.0

Source: Recreation Vehicle Industry Association

Gem Top markets new truck cap

Gem Top Manufacturing Inc. of Clackamas, Ore., has a new KO model cab high polymer top for Ford and Chevrolet pickups. It is available in several colors, has solid sides and a black framed rear door with clear glass and gas operated struts.

Converters note upturn, but discounting hurts

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

Van converters are reporting stronger production and wholesale sales, but the retail side of the business is still fiercely price-competitive.

For many converters, the 1990 model year got off to such a slow start that, despite month-to-month improvements since January, they'll miss their sales goals.

Heavy discounting also is a problem.

"It's unbelievable," said one converter. "We're in the middle of a Chevrolet chassis shortage, and the discounting is almost unbelievable. Nobody wants to give up any market share, and dealers are still holding the upper hand."

The protracted, heavy discounting — with its disastrous effect on profits — is a major reason why an estimated 50 to 100 converters have either gone out of business or put their businesses up for sale during the past year.

Slow sales earlier in the 1990 model year also played a role.

Mark III Industries of Ocala, Fla., expects to sell 27,000 to 30,000 vans in calendar 1990, according to A.R. Boyd, company chairman. That compares to 27,000 in 1989 and is a rather conservative projection.

As the industry's top volume producer, Mark III has been on a fast-growth track. It recently joined Ford's consignment pool system and has just begun converting chassis under the agreement.

Mark III has base conversions for $2,999 wholesale, but the majority of its business is with its deluxe package, Boyd said. That package wholesales for $3,500 to $5,200 depending on options.

"The only problem we have is with other people giving the stuff away," Boyd said, acknowledging the heavy discounting.

Mark III hasn't had to discount vans since January and has a good order backlog, he said.

Boyd attributed the order backlog to product value and to the firm's SafeMark program. The SafeMark program includes changes made in Mark III vans in anticipation of new federal standards due in 1992.

R.T. Boyd III, the company's chief executive officer, said Mark III has begun crash-testing its vehicles and making design changes in order to continue to be able to put its own seats in them and "maintain our identity" in its interior design changes.

New standards, such as Federal Motor Vehicle Safety Standards 208 and 204, will restrict a converter's ability to make chassis changes. Boyd said Mark III vans meet various 1992-model safety requirements, except those for driver safety in frontal impacts, which require air bags such as those Ford will install.

Meanwhile, Glaval Inc. of Elkhart, Ind., has reduced its 1990-model sales forecast slightly.

William Becker, Glaval's vice president of marketing, advertising and consumer relations, said the company now anticipates selling 17,000 to 17,500 units, about 1,000 more than last year.

Glaval is currently developing marketing support material for 1991 and plans to continue to emphasize products in the midprice range where the bulk of Glaval's sales are concentrated.

Coachmen Vans of Elkhart took a very conservative approach to the market this year. It managed to stay close to its internal profit goal during the first half of the 1990 model year by carefully controlling expenses and avoiding heavy discounts for the sake of big market-share gains, the company said. It expects to sell about 2,300 units, similar to the number it sold in 1989.

Its Good Times Van operation in Grandview, Texas, is expected to add another 2,300 sales, according to William Snook, Coachmen Van president and general manager.

The reduction in the number of van competitors hasn't really benefited Coachmen because most were very small companies with insignificant sales volumes, Snook said.

RV BRIEFS

Tern buys Van Express

SYRACUSE, Ind. — Tern Industries Inc. will double its manufacturing and office space by its recent purchase of Van Express, an Elkhart, Ind., van converter.

Under terms of the sale, Van Express operations will move from Elkhart to Syracuse, its personnel transferred to ensure that all dealer warranties and assistance programs will be carried forward smoothly, said Ernest Knepp, Tern's chief financial officer.

Joseph Sanders continues as Van Express president.

Tern purchased Van Express from Vyquest Inc. of Elkhart. Van Express has consignment pool accounts with Ford and Chevrolet. That gives Tern entry to Ford's pool system and doubles its availability of Chevrolet chassis, since it already had a Chevrolet pool of its own, the company said.

Studebaker pickups

ELKHART, ind. — Studebaker Coachworks has opened a plant specializing in production of custom-built pickup trucks.

The company's first model, called the Wild Thing, is based on the long-bed GMC Sonoma SLX, while a second customized truck, called the Turismo, is based on the GMC C-1500 full-sized pickup.

The Wild Thing features a specially designed, fully enclosed cab extension that is bolted to the bed of the truck, just behind the cab. The cab extension is accessed through the removable rear window of the cab.

The Turismo has a racy appearance: lowered front and rear, special grille and bumper and other exterior refinements.

Duraliner for vans

LAPEER, Mich. — Durakon Industries Inc. has introduced a Duraliner product to protect van interiors against scratches and dents.

The liners are designed for full-sized domestic vans used in commercial delivery services and for use by custom van shops and other business applications.

Separately, Durakon said it spent $4 million on new equipment and improvements for its Lapeer facility.

RV travel series

RESTON, Va. — A new recreational vehicle travel series produced by the Recreation Vehicle Industry Association will debut July 7 on the Nashville Network.

Titled *"Going Our Way,"* the 30-minute television program will air Thursdays and Saturdays and be hosted by country recording artist Jim Ed Brown and his wife.

Each program will feature RV trips to two distinctly different locations and a segment on practical RV information and tips, ranging from vehicle selection to the latest options and accessories.

Jim Ed Brown and his wife, Becky, will host RV travel series.

Europe's car sales dip

April off 2%, but 4-month total tops '89

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — New-car sales in Western Europe dipped 2.7 percent in April as volume fell in four of Europe's five biggest markets.

Sales continued to plunge in Great Britain and Spain and also slipped in West Germany and France. Of Europe's five major national markets, only Italy surpassed its 1989 sales total in April.

Sales in 17 Western European countries totaled 1,215,400 in April, according to industry estimates compiled by *Automotive News*. For the January-April period, volume was 4,949,300, just 0.93 percent ahead of the 1989 total.

The April figures suggest the long-predicted weakening of the European market is at hand. "There is going to be a bit of pain in the next couple of years," said auto analyst Daniel Jones of the University of Cardiff in Wales.

Sales in Britain slipped 12.2 percent to 168,000 in April and were down 8.7 percent for the year at 750,000. Spain was off 9.6 percent in April at 85,500. For four-months, sales in Spain were down 8.9 percent at 351,900.

West German sales were down 3.1 percent to 285,000 in April. But Germany, Europe's largest market, remained 3.1 percent ahead of last year with 1,032,700 for four months. Sales in France dipped 6.5 percent to 192,800 in April, but were 6.2 percent ahead of 1989 for four months with a total of 841,000.

The Italian market remains brisk. Sales there rose 10 percent to 230,000 in April and were up 6.4 percent at 970,400 for four months.

Riding the robust Italian market, Fiat Auto, including the Alfa Romeo and Lancia brands, led Europe's major car groups through April with 15.7 percent of the market.

Fiat Auto S.p.A. surged ahead 9.3 percent in April to 189,900 units. For four months, Fiat sales were 2.6 percent ahead of 1989 at 777,900 units.

Combining the VW, Audi and Seat marques, Volkswagen AG was up 2 percent to 193,700 in April and was up 5.2 percent to 741,000 for four months.

Peugeot S.A., including Peugeot and Citroen, was solidly entrenched in third place with 13.4 percent of the market on four-month sales of 664,700, a 2.2 percent increase over last year. General Motors Europe was fourth with 11.7 percent. GM's January-April sales increased 2.2 percent, to 578,200. The figures include 22,000 Saab sales.

Ford of Europe was next at 561,300, including 7,900 Jaguars. The Ford total was virtually unchanged from a year ago and represented an 11.3 percent share. Regie Nationale des Usines Renault S.A. was sixth with 10.4 percent of the market on four-month sales of 516,900, up 0.6 percent over 1989.

Among the specialists, Mercedes-Benz AG, BMW AG and Volvo Car Corp. all fell behind their 1989 four-month totals in Europe. Mercedes was off 2.4 percent to 154,000; BMW was down 5.4 percent to 134,500; and Volvo sales declined 6.8 percent to 92,300.

Combined Japanese sales for four months were up 1.3 percent to 523,100, good for 10.6 percent of the European market.

NEW-CAR SALES BY COUNTRY IN EUROPE

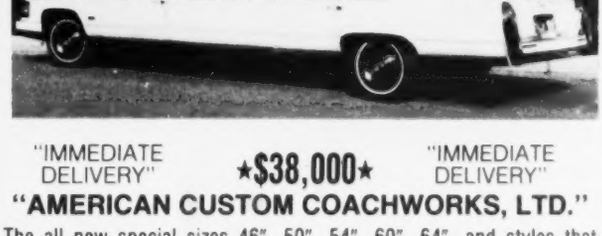
Country	4 Months 1990	Pct change vs. 1989
Germany	1,032,700	+ 3.1
Italy	970,400	+ 6.4
France	841,000	+ 6.2
United Kingdom	750,500	- 8.7
Spain	351,900	- 8.9
Netherlands	225,200	+ 0.5
Belgium-Luxembourg	207,700	+12.3
Switzerland	121,600	- 2.9
Austria	112,100	+10.3
Sweden	89,700	-15.2
Portugal	65,600	-13.7
Finland	56,400	-16.9
Ireland	37,800	+16.8
Greece	33,900	+45.4
Denmark	31,900	+ 4.9
Norway	20,900	+23.1
Total	4,949,300	+ 0.9

EUROPEAN SALES

Manufacturer	4 Months 1990	1990 share*	4 Months 1989	Volume change '90 vs. '89
Fiat Auto**	777,900	15.7	758,000	+ 2.6
Volkswagen	741,100	15.0	704,600	+ 5.2
Peugeot S.A.***	664,700	13.4	650,500	+ 2.2
General Motors****	578,200	11.7	566,000	+ 2.2
Ford†	561,300	11.3	560,600	+ 0.1
Renault	516,900	10.4	513,700	+ 0.6
Mercedes-Benz	154,000	3.1	157,800	- 2.4
Rover	145,100	2.9	145,900	- 0.6
BMW	134,500	2.7	142,200	- 5.4
Nissan	129,100	2.6	142,000	- 9.1
Toyota	121,900	2.5	117,100	+ 4.1
Mazda	94,400	1.9	85,600	+10.3
Volvo	92,300	1.9	99,000	- 6.8
Mitsubishi	59,100	1.2	58,900	+ 0.3
Honda	52,300	1.1	46,300	+13.0
Lada	37,000	0.7	40,000	-17.5
Suzuki	33,700	0.7	31,400	+ 7.3
Others	55,800	1.1	84,000	-34.0
Total	4,949,300	100.0	4,903,600	+ 0.9

*Does not add to 100 because of rounding
**Includes Alfa Romeo, Lancia
†Includes Jaguar
***Peugeot, Citroen
****Opel, Vauxhall, Isuzu, Saab, North America

★ '89 & '90 Cadillac "S-t-r-e-t-c-h-e-d" Limos ★
★ Also '89 & '90 Lincoln Limos



"IMMEDIATE DELIVERY" ★$38,000★ "IMMEDIATE DELIVERY"

"AMERICAN CUSTOM COACHWORKS, LTD."

The all new special sizes 46", 50", 54", 60", 64", and styles that are definitely the best value and quality that you can acquire. You may choose from cars in production for immediate delivery of approximately 74 units, or you can place your order to build a custom limo to your specifications. We are a 38 year old, family owned co. and we welcome your inquiry . . . and your purchase of our quality limousines.

CALL (213) 272-7908 OR (213) 278-0643
FOR MORE INFORMATION
"DEALER POINTS AVAILABLE"
EB 31

USED VEHICLE MANAGEMENT WORKSHOP

JUNE 11-13 ASHEVILLE, NC | JUNE 18-20 MEMPHIS, TN | JUNE 25-27 ORLANDO, FL

Major Topics of this Three Day Workshop are:

- Inventory Management
- Merchandising & Advertising
- Creative Prospecting Ideas
- Recruiting & Hiring Techniques
- Forecasting Guidelines
- Reconditioning

"Frank Cribbs is a professional, knowledgeable and experienced manager and teaches a no nonsense approach to increasing used car sales and profits."

ONLY $995.00 PER PERSON INCLUDES ROOM, BREAKFAST AND LUNCH BUFFET, WORKBOOK AND MATERIALS.

SATISFACTION GUARANTEED OR YOUR MONEY BACK!

Space is limited, so to make your reservation or for more information call The Smoky Mountain Training Center (704) 253-0201 today!

Toyota opens Tokyo center to tap trends

By Mary Ann Maskery
AUTOMOTIVE NEWS STAFF REPORTER

TOKYO — Toyota Motor Corp. has opened a design center in Tokyo, where 30 employees are assigned to soak up the lifestyle, tastes and trends of the city.

It is part of Toyota's effort to branch out of the less-than-cosmopolitan atmosphere of the company's traditional base in Toyota City in central Japan. One reason for the action is a labor shortage that makes it difficult to attract top applicants to the countryside.

But Toyota also wants to tap into the fashion trends in the capital city at a time when severe competition in the industry is forcing manufacturers to stay attuned to the changing tastes of customers.

Citing the tremendous access to information in Tokyo, Fumio Agetsuma, Toyota senior managing director in Tokyo, said having a design center in the city means having a greater access than would ever be possible in Toyota City.

Mazda Motor Corp. made a similar move a year ago, setting up a design center in Yokohama and transferring about 100 executives to Tokyo from the company's home base in Hiroshima.

With the Tokyo addition, Toyota is promoting what it calls its "global design network," with design facilities in Tokyo, Toyota City, California and Brussels, Belgium.

Toru Nagisa, general manager of the Design Division, emphasized the need for a global approach to appeal to customers worldwide.

Pointing to a chart of beige tones Nagisa presented the results of surveys taken in Japan, Europe and the United States, all showing sharp national differences in choice of colors.

In offering his conclusion on the color differences, Nagisa inadvertently offered an example of why Toyota needs to get out of the provincial Toyota City base and deal more on an international level.

According to the color study Americans seem to prefer warmer shades of beige while Japanese prefer cooler tones. Nagisa concluded that "people with blue eyes are sensitive to the bluish shades while Japanese with brown eyes are not attracted to reddish hues." He noted how blue sunglasses can affect perception of colors.

Volvo profits plummet 52%

GOTHENBURG, Sweden — AB Volvo's pre-tax profits plunged 52 percent to 1.05 billion krona ($175 million) in the first quarter of 1990.

The firm blamed the decline on tough competition, higher product development costs and lower utilization of capacity. Volvo also reported that both car and truck sales declined during the first three months of 1990 from the the corresponding period in 1989.

Profits in 1989 fell 15 percent to 7.01 billion krona ($1.17 billion).

Profits of individual subsidiaries were not released. But Volvo said passenger-car deliveries fell from 106,000 in the first quarter of 1989 to 104,000 this year. Sales of the 200- and 700-series models from Volvo Car Corp. of Sweden declined 5.6 percent, while sales of the smaller 300- and 400-series models from Volvo Car BV in the Netherlands rose nearly 6 percent.

Volvo's car sales in the United States fell 11.81 percent, to 22,400, during the first quarter of 1990.

BRIEFS

Isuzu may get version of Subaru Legacy

TOKYO — Fuji Heavy Industries Ltd. is preparing to offer Isuzu Motors Ltd. its Subaru Legacy sedan for sale in Japan as the two companies step up their cooperation in marketing. Fuji is also planning to offer the Legacy as a successor to the Isuzu Aska.

Isuzu now sells the Subaru Leone van as the Geminett II at a rate of about 120 units a month. Fuji sells 50 Isuzu Bighorns a month as Subaru Bighorns.

Toyota, Renault sign Colombia truck deal

TOKYO — Toyota Motor Corp. will produce commercial vehicles in Colombia with SOFASA-Renault. It is Toyota's first association with the French company.

SOFASA-Renault will add Toyota's Land Cruiser to its line in October 1991 at a rate of 4,000 units a year. It will add a pickup truck at 3,000 a year in April 1992.

Toyota started negotiating with SOFASA-Renault in 1987 after the Colombian government passed regulations that restricted vehicle imports and limited local production to three companies.

Brazil and Argentina to revise auto pact

SAO PAULO, Brazil — Brazil's decision to open its borders to imported autos will make it necessary to revise the auto integration pact it signed with Argentina in 1986.

The idea behind the agreement was that Brazil and Argentina would open their borders to 5,000 cars a year from each other. In order to guarantee that preference scheme, the two governments will now study some form of tariff reduction on imports. The subject will be on the agenda of bilateral meetings in Buenos Aires, Argentina, May 28-29.

The Brazil-Argentina auto pact, although signed four years ago, has never come into practice.

CONTRACT Casualties

CONTRACT

FROM PAGE 1

their own extended warranties.

Service contracts, sold by independent administrators, manufacturers and importers, have grown into an industry with annual sales of $3.9 billion, according to Dave Robertson, president of Warrentech Dealer Based Services Inc., based in Euless, Texas.

Robertson

Robertson tried unsuccessfully to form a trade association two years ago.

An association of vehicle-service-contract administrators could set standards and provide zealous state lawmakers with information about the business before they enact laws to regulate it.

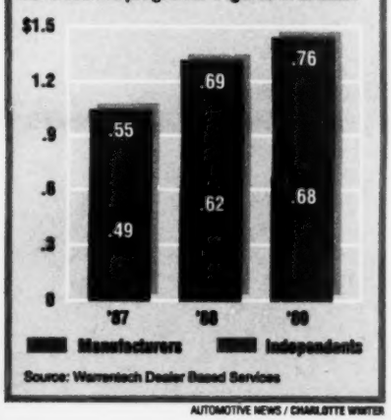
But of the roughly 20 major companies operating nationally and dozens of regional administrators, Robertson drew only a handful of interested people to the first — and only — meeting.

Administrators create the programs, then persuade carriers to underwrite them and dealers to sell them. They also adjust claims from customers on behalf of the car dealer.

But even Williams — a low-volume, regional player — concedes: "The service-contract business has got a pretty bad reputation."

Although car dealers typically make a gross profit of $200 to $400 when they sell a service contract, many of them would agree with Williams.

Contributions to dealer profit



AUTOMOTIVE NEWS / CHARLOTTE WINTER

'Nightmare,' says dealer

David Wilson, owner of Toyota of Orange in Orange, Calif., characterized his experiences with independent extended-contract administrators as a "nightmare you want to forget."

Wilson now sells only factory-sponsored service contracts.

"We have sold service contracts to 10,000 customers and have had horrific financial losses," he says.

Toyota of Orange sold contracts through four administrators. All of them folded, says Wilson. And he says in no uncertain terms that when insurance companies take over the administration of service contracts from defunct administrators, they don't care about dealers or their customers.

Wilson

Wilson contends his dealership has lost more than $1 million in repairs that he was never reimbursed for. "We don't know where the reserve funds have gone, so as the selling dealer we have to pay the claims," he says.

For example, Wilson says he sold contracts generating $457,820 for United Dealer Group, based in Phoenix, Ariz., which folded in 1985, and was never reimbursed for repairs. He also had difficulties on claims from Compact Services Corp., a subsidiary of Dallas-based Republic Insurance Corp.

Republic created Compact last year to process claims after assuming more than 600,000 extended-service contracts sold by ESC Administrators Inc. of San Diego.

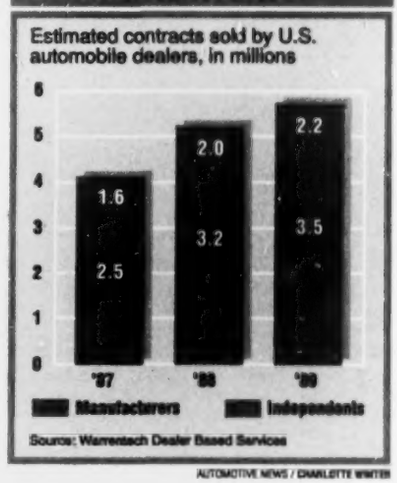
"For months, Compact alienated my customers by the hundreds," Wilson says. "This is killing the car industry. The way this has been handled, none of my customers will buy a service contract. I'll be lucky if they come back to buy a car."

With so many administrators in retreat, thousands of new-car dealers are potentially on the hook for repairs guaranteed by the contracts they sold.

The most common dealer complaint is that insurance carriers, left in the lurch by insolvent administrators, tend to flyspeck customer claims in order to staunch the flow of red ink. The reason: By the time carriers step in, reserves to pay claims are typically either depleted or non-existent.

It's even harder to calculate how many consumers are hurt when administrators become insolvent. That's because in many instances the insurers or dealers stand the losses by paying claims.

Service contract volume



AUTOMOTIVE NEWS / CHARLOTTE WINTER

Bust is boon for consultant

For Joe Remoaldo, the bust for administrators has been a boon.

An industry veteran, he was formerly vice president of national claims for American Warranty Corp. in Skokie, Ill., and vice president at General Warranty Corp. in Harbor City, Calif., two companies that are still active in extended-service contracts.

Remoaldo left the retail side of the business five years ago because, he says, he didn't like the direction the fledgling industry had taken.

"It's ironic that the administrators can do some of the things that they do. It's like the fox guarding the chicken coop," he says. "The dealers are biting the bullet. That's why I got out of it."

From his offices in La Palma, Calif., Remoaldo rates extended service contracts for dealers and helps them collect on claims from insurance carriers.

Remoaldo

He has a generally dim view of the industry. He says many administrators are having trouble finding carriers to underwrite their programs. "Only two or three of the stronger service-contract companies will survive along with the manufacturers," he says.

Although that probably overstates the industry's woes, most executives concede that a shakeout is going on. But they contend it is striking only smaller, regional companies. Administrators operating nationally, they say, are on solid ground.

A fledgling industry struggles

The extended vehicle-service-contract industry was started in the mid-1970s by entrepreneurs like Jerry Farrar, president of General Warranty Corp., of Harbor City, Calif.-based General Group International, and by others who sold credit life insurance policies to car buyers through dealerships.

They spotted a chance to sell additional vehicle coverage beyond manufacturers' warranties.

Almost from the outset, the industry had its share of failures. Warranty Management Corp., a Florida firm, was one of the first to fold, in 1978.

The collapse of North American Dealer Group of Cranford, N.J., two years later is legendary among dealers and others associated with the industry because of the company's huge volume. Its insurer, Proprietor's Insurance Co. of Delaware, Ohio, paid only what it called "legitimate" claims. As a result, thousands of dealers sustained hefty losses, says Remoaldo.

More recently, Industrial Indemnity Corp. assumed hundreds of thousands of contracts from Los Angeles-based Mechanical Insurance Associates, an administrator, when Mechanical foundered in 1937.

At least six companies halted or significantly reduced operations in 1988, including Northwest Underwriters, based in Seattle. Among those folding last year was Thermo Guard Warranty Corp. of Boca Raton, Fla.

Several weeks ago, Super Safe Warranty Inc. of Clarksville, Tenn., which had 60,000 contracts in force, filed for liquidation under Chapter 7 of the U.S. bankruptcy code.

With the high number of casualties among administrators, insurers have grown skittish about underwriting extended-service contracts. "There is not the pool of insurance company underwriters willing to participate in this kind of business," says Walt Cabe, vice president of marketing for CSC Logic Inc., a Dallas-based computer company that services the industry. "Very frankly, it has not been profitable for insurers."

Administrators need insurance from carriers to show dealers and, in some states, the department of insurance, that their contracts are backed by a full-fledged liability and casualty insurer.

Casting further shadows over the industry, some administrators have been accused of fraud. Others simply underfunded reserves to pay claims.

"This is a business where stupidity will get you in as much trouble as dishonesty," quips Robertson of Warrentech Dealer Based Services.

Stage is set for hassles when administrator pulls out

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

Most vehicle service-contract administrators deny that car buyers are hurt when administrators fold.

Even if the administrator goes belly up, they say, either insurers or dealers will pay to repair the vehicles.

"There may have been cases where the deductible is an issue, but by and large, major component repairs covered by extended service contracts are paid," says Dave Robertson, president of Warrentech Dealer Based Services Inc. in Euless, Texas, one of the biggest and most successful administrators.

But James Bankston, a Dallas-based multi-franchise dealer, disagrees. "Whenever a fourth party (insurer) takes over administration, both the customer and dealers are hassled for documentation on repairs," he says.

That's when a customer's contract is scrutinized, and claims are denied for reasons found only in the fine print.

Says Bankston: "If the water pump is out, they ask how many times the car has had an oil change. What that has to do with the water pump, I don't know."

Thomas Moore, of Arlington, Va., bought a Ford Tempo and an extended service contract for $598 at Springfield "Rainbow" Ford in 1986. The contract was backed by Borg-Warner Insurance Services Inc. of Chicago, a former unit of Borg-Warner Corp.

His troubles began last fall when his Tempo developed front-end vibrations.

Moore figured his extended service contract would cover repairs.

But Borg-Warner had withdrawn from the service contract business. And another company, Compact Service Corp. of Dallas, was administering some of its extended service contracts.

Meanwhile, the dealership had changed ownership. The new dealership, Springfield Ford, refused to honor the contract unless Moore prepaid $1,500 for repairs.

"It took me three days just to find out that Borg-Warner was out of the service contract business," Moore says.

He says none of the dealerships in the Virginia area would honor the extended-service contract.

"They said I would have to collect the money myself from Compact," Moore says. "Service managers told me it was taking them a year to collect from the company."

Moore tried to collect, but there was a catch. He couldn't get authorization or claim numbers because Compact gives them only to dealerships, not customers.

And, of course, Compact couldn't pay him without authorization and claim numbers, which it refused to give him.

In the end, Ford Motor Co. stepped forward to pay for the repairs under the car's original warranty, which the dealer mistakenly believed had expired.

Still, Moore had to pay a $100 deductible and the cost of renting a car because his was tied up for more than a month while he wrangled with dealers, administrators and insurers.

Moore says, "I had to pay a deductible and rent a car — things that are covered under the extended service contract."

Dealer profits high

Because extended-service contract administrators aren't insurers, few states regulate them heavily. Florida and California are the notable exceptions.

The Big 3 and some importers began peddling their own extended-service contracts seriously in the mid-1980s. But for dealers, they generally offer smaller profit margins than do the independently administered service contracts.

Prices vary greatly, both to the dealer and to the ultimate customer.

A small Midwestern regional administrator says the cost to dealers for its extended-service contract is $395. Dealers try to sell it for a 100 percent gross profit: another $395. Another major administrator says the dealer makes $200 to $300 on its contracts while the administrator takes a fee of $80 and about $285 goes into the reserve fund.

In New York, the attorney general's office recently accused dealers of gouging customers on manufacturers' extended warranties. On average, consumers paid $268 over the recommended price for Ford Motor Co.'s service contract, $265 over the recommended price for GM's and $273 over the recommended price for Chrysler Corp.'s.

CONTRACT Casualties

Dealer gives tips on landing the best extended-service contract

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

For 15 years, Irwin Garsten, president of Garsten Motors Inc., has sold independently administered extended-service contracts virtually without trouble.

"My experience has been excellent, and I have dealt with four or five different administrators," says Garsten, who owns a Honda-Isuzu-Chrysler-Plymouth dealership and co-owns Kinney Motors Inc., a Chevrolet-Oldsmobile-Saab dealership, both in Riverhead, N.Y.

Among those administrators are American Warranty based in Lincolnwood, Ill.; General Warranty Corp., based in Harbor City, Calif.; and Warrentech Dealer Based Services Inc. of Euless, Texas.

Garsten sells about 40 independently administered contracts per month. He prefers them to factory extended contracts.

"The margin of profit is better than the factory extended warranties, and what they cover is often better, too," he says.

His advice to dealers when selecting an administrator: "Look for someone who's in it for the long term. If you only look at the price, then you are bound to get stuck."

Dealer Irwin Garsten: "My experience has been excellent."

Before Garsten settles on an administrator, he does an extensive background check, getting references from other dealers and the state dealer association.

High on his list is how long the company has been in business.

Walter Cabe, vice president of marketing for Dallas-based CSC Logic Inc., a computer software firm servicing the extended-service-contract industry, says if dealers don't have a copy of their insurance policy, they should obtain one. "This may sound elementary, but many dealers have no policy," he says.

"In other words, they are operating without a contractual agreement. When things go upside down, what's in writing governs who pays. There are many programs where the dealer has operated on somebody's word that they are insured," he says.

Dealers should also pay attention to the time the administrator takes to reimburse them for claims and refunds of cancellations.

"A dealer should monitor that just like any other receivable," Cabe says. "If an administrator is running 60 or 90 days past due, then it is time to start asking some very tough questions."

Cabe says dealers should take the temperature of their general agents. Most of their contact with the administrator is through that individual sales rep.

"An early warning signal to an administrator with financial problems is always the agent — the guy who brought him the product," Cabe says.

He says most legitimate indepenedent administrators have had significant rate increases during the past two years.

"If there have been no rate increases, start asking questions," Cabe says.

He says that if the agent brings the dealer new programs every few months, that should also raise a red flag that an administrator is experiencing financial difficulties.

tracts are slipping in favor of manufacturers' extended warranties, according to some industry officials.

Robertson estimates that domestic automakers and importers now account for about 60 percent of all service contracts sold.

"Dealers are starting to shy away from private-label service contracts after being burned by one administrator after another," says John Tomashoff, investigator for the California Department of Insurance.

Joseph J. Pero, who runs General Motors' vehicle-service-contract operation, predicts that "insolvencies and abuses" by some companies will lead to increased regulation of the industry.

Pero

Pero is president of GM's Motors Insurance Corp., which sold more than $1 billion in service contracts last year.

But he told a symposium earlier this month that the penetration of service contracts will diminish as the quality of cars continues to improve.

That still leaves a huge market for independent companies.

Robertson estimates that dealers sold 5.7 million contracts on new and used vehicles in 1989, 3.5 million for manufacturers and 2.2 million for independent administrators.

Coverage and prices vary. Typically, a dealer sells a six-year/75,000-mile extended-service contract covering major components. The customer pays $600 to $800, depending on ability to bargain.

The dealer takes a profit of $200 or more for selling the contract and sends the administrator the remainder.

The administrator pays the general agent, an independent sales representative, a commission for selling the program to dealers and then takes an administration fee. Carriers also take a fee for underwriting the contract.

The remainder — in this hypothetical case about $280 — is placed in a reserve for payment of claims. It is managed by either the insurer or the administrator.

Fraud charges leveled

Insurers and administrators also take profits by withdrawing funds from reserves over the length of the contracts. The insurance company apportions the reserve so that funds are drawn at the same rate at which the claims are expected to occur. If claims are less than projected, the insurer can still withdraw the money. Of course, if claims are greater than earned reserves, there is an underwriting loss and no money is paid.

"The process allows the underwriter to measure the profitability of the venture throughout the term rather than wait until the risk has expired," says Robertson.

But in some cases, the amount reserved fails to cover the cost of future claims.

Administrators "all fold eventually," says James Bankston, a Dallas multi-franchise dealer and president of Bankston Enterprises Inc. "After about five years, they start operating (paying claims) out of income (from new sales), and then it's only a matter of time before the claims exceed the income."

Industry executives deny this happens today. State departments of insurance, they contend, monitor the industry for fraudulent administrators perpetrating this kind of scheme. They concede, however, that it did happen a decade ago when the industry was in its infancy.

Bankston

Bankston says he has dealt with three administrators. All are now defunct. He characterizes his experiences with them as a continuous hassle, causing dollar losses to his dealership and unhappy customers. He now sells only factory-backed extended warranties.

In some rarer instances, administrators have been accused of fraudulently diverting reserves for uses other than payment of claims.

In the case of Mechanical Insurance Associates, the California Department of Insurance has accused President Anthony Joplin and Vice President Daniel Grimsley of diverting $2.4 million of reserve funds "for their own use." The allegation was brought in a state licensing proceeding.

When the company folded in 1987, its insurer, Industrial Indemnity Corp., became responsible for payment of claims made against the hundreds of thousands of contracts Mechanical Insurance Associates had sold, according to Mechanical's attorney, William Rosensweig of Mathon & Rosensweig in Beverly Hills, Calif.

State insurance officials also allege in another licensing proceeding that Manufacturers Insurance Services Corp., a separate company from Mechanical Insurance Associates but also involving Joplin, issued service contracts that listed a fictitious insurer, diverted premiums and loss reserve money and failed to reimburse new-car dealers for approved repairs.

In another instance, Integrity Insurance of Paramus, N.J., leveled charges of fraud and racketeering in a civil suit against United Dealer Group when United Dealer Group folded in 1985.

In that imbroglio, more than 1,300 auto dealers in 39 states were left wondering what happened to the millions of dollars remitted to United Dealer Group.

But some are stable

Of course, not all administrators are awash in red ink or on the brink of insolvency.

Jerry Farrar says his company, General Group International, founded in 1981, paid out $100 million in claims last year to customers and dealers.

Farrar

Among others, Pat Ryan & Associates, based in Chicago, and Warrentech Dealer Based Services are stable, respected firms that have properly reserved funds, pay claims in a timely fashion and are profitable for dealers.

Still, Farrar concedes that few insurers have profited from the extended-service-contract industry. "Most of the insurance companies have not made an underwriting profit from the sale of extended-service contracts," he says.

Even General's first insurer, Imperial Casualty, lost $10 million underwriting its contracts when claims exceeded the reserve, Farrar says.

And Maryland Casualty, General's current insurer, could lose $15 million by the time the last of the service contracts sold by General in 1987 and 1988 expire. "Our current actuarial analysis is that Maryland is somewhere between break-even and maybe a slight underwriting profit on our 1989 and 1990 book of business," Farrar says.

Administrators are almost never at risk even though they design the contracts, sign dealers to sell them, and persuade carriers to underwrite them.

If they become insolvent or choose bankruptcy, somebody loses -- either the carrier, the dealer or the customer.

Sometimes, as in the case of Mechanical Insurance Associates, the carrier cancels the administrator, who then must find a new insurer or discontinue selling contracts. Claims from contracts still in force are processed by the insurer or its designee.

SuperSafe tumbles

SuperSafe Warranty Inc., an administrator based in Clarksville, Tenn., filed for bankruptcy Jan. 2.

Jane Forbes, appointed trustee by the U.S. Bankruptcy Court for the Middle District of Tennessee in Nashville, says about 60,000 extended-service contracts, sold by dealers across the country, were in force when SuperSafe folded.

Forbes says the company was bonded rather than insured. She was unaware of any reserve funds set aside for payment of service contract claims.

Forbes expects the bonding companies involved to pay the maximum amount of their surety bond requirements, which she says could be as much as $450,000, to the bankruptcy court. But that could be far short of the amount needed to pay claims.

"Everyone will have to fight over the money in court," Forbes says.

Joe Stratta, general manager of Allen Honda in College Station, Texas, says the dealership sold SuperSafe's service contract on both new and used cars for about three years. "We will stand the losses on repairs to customer's vehicles," he says.

George Grubbs Sr., owner of Grubbs Enterprises Inc., an auto dealership in Bedford, Texas, says his dealerships had sold SuperSafe's extended service contract for a decade. "We have established our own reserves and are allocating money to handle claims," he says. "We don't expect heavy losses."

Grubbs is funding his reserves with a small amount of the receipts from each new car he sells.

see CONTRACTS, page 24

Filling the gaps with a little variety

Extended service contracts have a variety of special selling features.

For example, some offer to pay for a rental car while the owner's vehicle is in the shop for repairs. Others promise to pay the factory warranty's $100 deductible.

Essentially, the contracts either fill the gaps in a manufacturer's vehicle warranty or extend coverage beyond the warranty period, sometimes for as long as seven years.

Usually, service contracts are tied to the length of time a car is financed.

If a customer finances a vehicle for 48 months but the factory warranty is 36 months, the extended service contract provides coverage for the remaining 12 months.

Dealers set retail prices for extended service contracts. And it is not unusual for two customers buying the same vehicle from the same dealer to pay different prices for the same extended service contract in most states.

— Charles M. Thomas

CONTRACT Casualties

CONTRACTS

FROM PAGE 23

Sometimes, an insurer founders at about the same time as the administrator.

Central National Insurance Co., based in Omaha, Neb., recently went into what the state calls "rehabilitation," which for an insurer under Nebraska statutes is a step short of liquidation. Many companies in rehabilitation ultimately are liquidated.

Central was one of several underwriters for Universal Dealer Services, a Laguna Hills, Calif.-based administrator that folded in 1988 after selling about 75,000 extended service agreements.

Dennis Simms, claims manager for Central, says losses on claims for Universal Dealer Services contributed to the insurer's problems. "Universal's losses were sizable," he adds.

Central National continues to pay claims on Universal's service contracts. Simms says only 8,000 contracts will still be in force by August.

Says Tim Wagner, executive vice president of Central National: "Service contracts are a dangerous business unless the insurer controls everything."

As a result, insurers continuing to underwrite programs will probably demand more control over the administrator.

"One of the trends you will see . . . is that the insurers are gaining direct financial control of administrators," says Cabe of CSC Logic, who observes the industry as a computer services supplier. "American Warranty's relationship with its insurer, United Equitable, is a good prototype of that."

Canadians troubled, too

Troubles haven't been limited to U.S. companies. Seven Canadian import-car firms selling Mazdas, Hyundais, Nissans, Toyotas, Subarus and Volkswagens agreed to honor about 400,000 extended warranty contracts sold by International Warranty Co., based in Edmonton, Alberta, after that company went bankrupt in 1988.

In another instance, 40 U.S. car dealers and 1,000 Canadian dealers and their customers were affected after the collapse last summer of Florida-based Thermo-Guard Warranty Co. and Canada-based Guardall Financial Services Corp.

Dealers were left with little hope of recovering money from Thermo-Guard after repairing vehicles under its service contracts.

Its demise has kindled several lawsuits between customers and dealers over who will pay for repairs.

The principal owner of both companies is Florida businessman Seymour Ravinsky, who closed Guardall Warranty Corp., based in Mississauga, Ontario.

He filed for bankruptcy in March 1989 after the Ontario government padlocked the company and froze its assets for failing to maintain sufficient loss reserves.

Insurers abandon market

Maryland Casualty Co. jolted the industry last winter when it told Farrar's General Group International that it would discontinue insuring vehicle service contracts on March 3.

The General Group is regarded as one of the more stable companies in the industry. But even Farrar had difficulty finding a carrier to replace Maryland Casualty because of General's huge volume of contracts, estimated at 45,000 per month.

"We talked to about 25 insurance companies, and all of them had an unhappy experience in the business," says Farrar, the president and chief executive officer.

The solution came in March when Farrar announced that Maryland Casualty agreed to continue insuring General's service agreements.

The cost of independents

Why do some dealers prefer independently administered service contracts to factory contracts? The independents are typically less expensive than factory contracts, which makes them easier to sell and which gives room for higher margins for the selling dealer.

Moreover, independently administered contracts typically promise to pay dealers for repairs at a retail rate, unlike factory-backed plans, which pay at a lower factory-approved hourly rate.

But industry insiders such as Robertson of Warrentech Dealer Based Services say independents that have prospered realize they must charge higher prices to maintain adequate reserves.

They point to Pat Ryan Insurance Group, based in Chicago, as an example. Ryan has one of the most expensive and soundest programs in the industry.

Robertson says independently administered service contracts are now only slightly cheaper than factories' contracts. Still, he says dealers must share some of the blame for the industry's troubles. If they sold less-profitable, better-reserved contracts, fewer problems would arise.

Dealers are too quick to change administrators if a new, cheaper product comes along, Robertson says. "The extended service contract business is not going away, and it is changing for the better," he says. "If the administrator puts enough money in reserve and monitors reserves, then the process will work."

Farrar agrees. He says most insurance companies are concerned about whether service contracts will be priced on actuarial data or just to buy market share.

"If they (independent administrators) are going to set prices on market share, then the insurance companies just don't want them," he says.

Meanwhile, Jim Williams, whose company's sales withered because it took so long to find a carrier for his program, says insurance companies should provide better actuarial information on mechanical breakdowns.

"Responsible insurers can't point their fingers at administrators," Williams says. "They had some responsibility to provide accurate numbers."

Williams' company exemplifies what can happen when insurers pull out. First National Warranty sold 3,000 contracts per month at its peak in 1988 through more than 400 dealers in Wisconsin, Illinois and Georgia.

That was also the year he was canceled by his carrier.

Williams says he contacted more than 2,000 insurance companies and obtained interviews with 14 before finally reaching an agreement with one.

But six months later, he was again canceled and on the prowl for yet another carrier. By the time he found one willing to underwrite his program, he says he had lost his customer base to competitors.

Service-contract lawsuits abound

Lawsuits abound in the extended-service-contract field. Among them:

- When Dallas-based Republic Insurance Co. created Compact Services Corp. last year to assume ESC Administrators' 600,000 extended-service contracts, dealers complained of long delays in authorization for repairs.

Don Drennen Motor Co. Inc., parent of Don Drennen Buick of Birmingham, Ala., did more than complain. It sued ESC, Compact Service and Republic last September for $50,000 in unpaid claims. Drennen alleges that some claims were lost, some approved claims were withheld and dealers were not advised how to receive authorization on new claims.

According to the suit filed in U.S. District Court, Compact refused to reimburse Drennen for sales tax on parts or car rentals for customers and charged a $50 deductible that allegedly was not part of the original contract. A federal judge has since denied a summary judgment to defendants asking for dismissal of the lawsuit.

- A superior court judge in Lenoir County, N.C., struck down a class-action suit against defunct National Warranty Co. of Kinston, which sought refunds for 30,000 buyers in North Carolina, South Carolina, Virginia, West Virginia, Georgia, Alabama and Texas who had paid about $7 million for extended-service contracts. The decision is being appealed.

National Warranty's underwriter, Insterstate Casualty Insurance Co., is now in liquidation.

The suit charges that in 1986, the company canceled contracts without refunding remaining time or repairs to vehicles.

- Nissan Motor Corp. in U.S.A is locked in bitter litigation with its former in-house extended-service-contract administrator, Adesco Corp. of Tulsa, Okla.

Burdened with huge loss ratios, Adesco accused some Nissan dealers of fraudulent repair claims. When Adesco threatened to stop processing claims and sued some Florida dealers in 1988, Nissan answered with a lawsuit to force Adesco to live up to its obligations.

Nissan has since taken over the administration of hundreds of thousands of contracts sold by Adesco. The trial is expected to start in July.

— Charles M. Thomas

Contract sellers must meet strict regulations in Florida

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

Gary Mills has several file drawers brimming with paperwork from companies that tried but failed to meet state guidelines to sell vehicle service contracts in Florida.

Mills oversees the licensing of what the state calls "motor vehicle service agreement companies."

"I have two or three file drawers of guys who failed to make it through the licensing process," says Mills, an examiner for the Florida Department of Insurance. "Others file and just don't want to fool with us."

Only 40 companies have made it through the rigid licensing process set forth in State Code 634. But Mills insists that successful companies find Florida a favorable state for business.

Mills' duties are varied. They include review of all financial data submitted by companies, making sure companies comply with regulations, field examinations of the financial condition of companies and verification of their records and data.

He says Florida laws regarding the sale of vehicle service contracts are probably the most rigorous in the nation. "In Florida, you can't just put together a program and sell it through dealers like in other states," he says. "We require that whoever sells motor-vehicle service agreements must be a single-line insurance company."

Warranties or extended-service contracts are treated like insurance products in Florida. Administrators must be licensed.

In most states, the dealer who sells a contract is the obligor, the company obligated to fix the vehicle under terms of the contract. "In Florida, administrators sign up dealers to be sales representatives as opposed to simply issuing their paper," Mills says. "The dealer is the obligor in most states, but in Florida, it is the administrator."

A special Florida law has created a category for a single-line insurance company — a "motor vehicle service agreement company."

Regulations are stiff. Depending on the volume of business it wants to do, a company must have a minimum net worth of $300,000 to $1 million to apply. Half of the retail price of the contract must automatically be reserved to pay claims later. And all contract rates are on file with the state so customers can know what they are.

"Because Florida approves all contract rates, dealers can't sell them for what the market will bear as in other states," Mills says.

However, administrators can obtain contractual liability insurance from a full-fledged casualty and liability insurer. But the insurer must honor all claims and obligations if the administrator folds.

Florida also has extensive financial reporting requirements and periodic examinations of the financial condition of administrators. In addition, all sales forms must be approved by state officials. Even manufacturers like General Motors fall under the same regulations.

The laws were designed to allow administrators who meet the requirements to operate in the state without being full-fledged insurance companies.

"We realized extended-service contracts were a special product and we didn't want to limit it to just full-fledged insurance companies," Mills says. "We wanted to give some flexibility to companies that did not have the wherewithal to be a full-fledged insurer."

DEALERS!

Selling Systems--
Are They For You?
a seminar for retail automotive dealerships
June 12 - 14, $675
Call (313) 487-2259
Corporate Services
Eastern Michigan University
EMU Automotive Academy

Cosmetic
CAR CARE
Classic Restoration
To
Show Detail
Call for Brochure
714-241-0531
Location Service Coast to Coast

Calculate
Motor Vehicle
Registrations
Instantly
Electronically
EASE CORPORATION - (516)331-0416

PROFITABLE SECRETS FOR SALE
X-TEND
Let the X-Tend® Professional Formula Division of Wynn Oil Company show you how to increase your profits by selling our programs.
■ OIL
■ FUEL
■ RADIATOR
■ POWER STEERING
For further details, please contact your local X-Tend distributor or Wynn Oil Company.
©1990 Wynn Oil Company
1151 West Fifth St.
Azusa, CA 91702
(800) 548-3057

Honda dealers get rebates on Civic, CRX and Prelude

By Arlena Sawyers
AUTOMOTIVE NEWS STAFF REPORTER

After staying out of the incentive game for several months, American Honda Motor Co. Inc. placed factory-to-dealer incentives on 1990 Civic, CRX and Prelude models.

Meanwhile, Ford Motor Co. and Mazda Motor of America announced adjustments to their customer and/or dealer incentive programs.

Through June 30, Honda dealers earn $300 to $600 on sales of Civic sedans and station wagons and CRX and Prelude models. The base Civic three-door hatchback is excluded from the dealer rebate program.

The rebates are based on performance against quotas established by Honda.

Ford extended its current customer incentive program until July 9 with some adjustments. It increased the customer incentive on 1989 and 1990 Ford Crown Victoria from $750 to $1,000. Also, added is a customer rebate of $3,000 on 1989 Scorpio and $4,000 on 1988 Scorpio.

Ford's dealer incentive program includes: 1990 Taurus SHO, $1,000; 1989 Taurus SHO, $2,000, 1989 and 1990 Tempo GL non-special-value models, $250; and 1989 Ranger, $500.

Lincoln-Mercury dealer incentives are as follows: 1990 Lincoln Mark VII, $1,000; 1989 Mark VII, $3,500; and 1989 and 1990 Mercury Grand Marquis, $1,000. The Ford and L-M dealer incentives expire July 9.

Until June 4, Mazda is offering customers $1,000 on 1990 626, $750 on 1990 MX-6 and either automatic transmission or air conditioning free of charge on 1990 Protege.

The previously announced $750 customer rebate on 1990 323 models continues through June 4.

Mazda's program for truck buyers includes 1990 two-wheel-drive, $1,000 plus either SE5 or LE5 trim package free of charge; and 1990 4wd, $800 plus either SE5 or LE5 trim package free of charge. The program ends July 3.

INCENTIVE WATCH

DEALER INCENTIVES

	Rebate	Expiration Date
Chrysler Corp. (1990 models)		
Grand Caravan, Grand Voyager, Town & Country	$500	July 17
Ford Motor Co. (1990 models)		
Taurus SHO	$1,000	July 9
Tempo	$250	July 9
Grand Marquis	$1,000	July 9
Mark VII	$1,000	July 9
General Motors (1990 models)		
Buick Estate Wagon	$1,000	Aug. 2
Corvette	$2,000-$4,000 based on sales	July 9
Chevrolet Geo, Celebrity	$500-$1,000	July 9
Geo Tracker	$1,000	July 9
Oldsmobile Cutlass Supreme, 88, Custom Cruiser, 98, Silhouette	$750-$1,250, based on sales	Aug. 2
Pontiac Firebird	$500	Aug. 2
Audi (1990 models)*	$2,000-$3,000	June 30
*-Dealer has option of foregoing cash incentive and offering cut-rate financing to customer.		
Honda (1990 models)		
Civic	$300-$600, quota	June 30
Hyundai Excel (1989-90)	$200, quota	June 5
Isuzu (1990 models)		
Pickups*	$800-$1,300 based on number sold	June 30
Trooper	$900-$1,400 based on number sold	June 30
*$200 extra on 4wd models		
Mitsubishi (1989-1990 models)		
Cars, trucks*	$500-$2,000 based on number sold	June 30
*Payments vary by regions.		
Nissan (1990 models)		
Sentra, Stanza	$300-$1,500	Aug. 2
Trucks	$1,000	Aug. 2
Axxess	$1,000-$1,500	Aug. 2
Subaru (1990 models)		
Justy ECVT	$500	July 3
Loyale	$400	July 3
Legacy	$400-$1,200, based on sales	July 3
Suzuki (1990 models)		
Swift	$400	June 4
Sidekick	$700-$1,500	June 4
Toyota (1989-1990 models)		
Tercel, Corolla, Camry	$200-$1,200, quota	June 4
Trucks	$200-$1,200, quota	June 4

Note: Some makers offer rebates to dealers on sales of 1988 and 1989 models. These programs are omitted from this table because of the limited number of those vehicles still in dealers' hands.

INCENTIVE WATCH

CUSTOMER INCENTIVES

	Rebates	Finance Rates (Pct.) — Months — 24	36	48	60	Expiration Date
Chrysler Motors (1990 models)						
Dodge cars	$750-$1,000	2.9	6.9	7.9	9.9	None
Eagle Summit	$1,000	2.9	6.9	7.9	9.9	None
Plymouth	$750-$1,000	2.9	6.9	7.9	9.9	None
Chrysler Motors (1990 models, guaranteed rebates*)						
Chrysler	$1,000	2.9	6.9	7.9	9.9	May 31
Dodge cars	$750-$1,500	2.9	6.9	7.9	9.9	May 31
Dodge trucks	$1,000-$2,000	2.9	6.9	7.9	9.9	May 31
Eagle	$750-$2,000	2.9	6.9	7.9	9.9	May 31
Jeep	$500-$1,000	2.9	6.9	7.9	9.9	May 31
Plymouth	$750-$1,000	2.9	6.9	7.9	9.9	May 31
*Buyer will receive any increase in rebate through Sept. 30, 1990. Finance rates are 9/1.9/2.9/4.9 on 1989-1990 Chrysler LeBaron coupe; Plymouth Acclaim and Sundance; Dodge Daytona, Spirit and Shadow; and Eagle Premier; and 1990 LeBaron sedan and Dodge Monaco. The 24-month rate on 1989-1990 Jeep Cherokee and Wagoneer is 0 percent. Expiration date is May 31.						
Ford Motor Co. (1988-89 models)						
Merkur	$3,000-$4,000					July 9
Ford Motor Co. (1989-90 models)						
Ford cars*	$700-$1,500	7.9	7.9	7.9	10.9	July 9
Ford trucks	$500-$1,500	7.9	7.9	7.9	10.9	July 9
Mercury*	$700-$1,500	7.9	7.9	7.9	10.9	July 9
Continental, Mark VII	$1,500-$2,000					July 9
*Escort, Probe and Mustang, buyers can choose $1,000 rebate with no finance incentive; $700-$750 rebate with cut-rate financing; or no rebate and 2.9/2.9/2.9/6.9 financing. On Tracer, buyer can choose $1,500 rebate with no finance incentive; or $1,000 rebate with cut-rate financing.						
General Motors (1990 models)						
Buick	$500-$1,250*	7.9	7.9	7.9	10.9	Aug. 2
Riviera	$2,000	7.9	7.9	7.9	10.9	Aug. 2
Chevrolet cars	$700-$1,400	7.9	7.9	7.9	10.9	July 9
Chevrolet trucks	$500-$1,500	7.9	7.9	7.9	10.9	July 9
Cadillac	$1,500-$2,000					May 31
Olds Toronado	$2,500	7.9	7.9	7.9	10.9	Aug. 2
Cutlass Ciera	$1,000	7.9	7.9	7.9	10.9	Aug. 2
Pontiac	$750-$2,000**	6.9	6.9	6.9	10.9	Aug. 2
*Based on option package selected. **Dealers contribute $1,000 on Grand Prix in some areas.						
General Motors (1991 models)						
Buick	$500-$1,250*		7.9	7.9	7.9	Aug. 2
Chevrolet cars	$750	7.9	7.9	7.9	10.9	June 11
Chevrolet trucks	$1,000	7.9	7.9	7.9	10.9	July 9
*Based on option package selected.						
Audi (1990 models)*		4.9	4.9	6.9	9.9	June 30
*—Finance incentive takes effect only if dealer foregoes dealer cash incentive.						
BMW (1990 models)						
325i		2.9	4.9	6.9	7.9	May 31
325is, 325ix, M3		4.9	6.9	7.9	8.9	May 31
Hyundai (1989-90)	$500-$1,700, based on sticker					June 5
Isuzu (1989-90)	$1,000-$1,200*					June 30
*If dealer foregoes dealer incentive						
Mazda (1990 models)						
Cars	$750-$1,000					June 4
Trucks	$800-$1,000					July 3
Mitsubishi (1989-1990 models)						
Cars, trucks*	$500-$2,000					June 30
*Payments vary by regions.						
Nissan (1990 models)						
Sentra, base pickup	$500-$1,000					Aug. 2
Peugeot (1989-90)	$1,000-$3,000					None
Sterling (1989 models)	$5,000					June 30

Note: Some makers offer rebates to buyers of 1988 and 1989 models. Most of those programs are omitted from this table because of the limited number of those vehicles still in dealers' hands.

NISSAN

FROM PAGE 6

"We have a typical dual management setup with typical Japanese 'shadow managers,' " says Dick Recchia, executive vice president of Mitsubishi Motor Sales of America Inc. "Shadow managers work with each vice president, and their function is important because it frees the VP from having to worry about keeping up with Japan."

As vice president and general manager of Toyota Motor Sales U.S.A. Inc.'s Lexus Division, J. Davis Illingworth says Lexus has a two-tier management structure like Toyota's and other companies'.

"We all coordinate with a counterpart on the Japanese staff," Illingworth says. "It's not language, it's not culture, it's people communicating with other people. If they trust each other, it works."

Wall Street analyst Maryann Keller says American executives must be realistic when they join the American import companies.

"I doubt that they're much involved in long-range strategic planning, but then I'd say, 'Why should they be?' " Keller says.

"You have to recognize these companies for what they are — they're marketing organizations, period. . . . Fundamental international and corporate strategy is always going to be made by the Japanese."

Although Nissan's written policies reflect those of some other U.S. operations, Tom Elliott, senior vice president of operations for American Honda Motor Co. Inc., notes a big difference at Honda.

"There are no written policies about how to communicate with Japan," Elliott says. "And frankly, I don't have to get anyone's permission to talk to Japan."

ACE

FROM PAGE 3

sign," said a Ford spokesman. No other prototypes or body mockups emerged, though a rolling chassis was built and has been run."

Ford of Europe Chairman Lindsey Halstead told *Automotive News* at the Geneva show in March that the Ace was coming along "very, very slow, painfully slow, dreadfully slow." Other AC insiders said the $1 million prototype was sitting in a corner of the plant under a layer of dust.

A Ford of Britain spokesman cited "lack of progress on the AC Ace sports car and the belief that the business is no longer viable."

"There were technical obstacles to be overcome and the costs of overcoming them were not justified by that level of volume," he said. He did not specify the snags. An Ford official cited "a breakdown in the relations between Ford Motor Co. and Brian Angliss."

Ford last week asked a British High Court judge to appoint a receiver to sell the company's assets, which include the factory, equipment and the AC name. The spokesman said Ford is not interested in the Brooklands plant. "It wouldn't be large enough to do anything with," he said.

No further court date has been set, but the matter is not expected to resume for several months. The Ford spokesman said Angliss' attorney intended to oppose Ford's request.

Angliss did not return phone messages last week. An Autokraft employee said, "He is tied up with a lot of calls and a lot of legal work at the moment."

No overtime; car-truck output slips

By Karen Detkowski
AUTOMOTIVE NEWS STATISTICIAN

U.S. car and truck assembly plants are closed today in observance of Memorial Day.

Automakers scheduled 136,786 units last week, 4.95 percent below the previous week and 7.80 percent below the year-ago week.

Truckmakers planned to build 91,127 units last week, 7.79 percent below the prior week but 4.96 percent above the year-ago week.

The car and truck estimates do not reflect any production lost because of parts shortages caused by the blockade by truckers at the border between Detroit and Windsor, Ontario.

Estimated production last week was shared as follows: General Motors, 46.88 percent; Ford Motor Co., 22.61 percent; Chrysler Corp., 11.92 percent; Honda of America Manufacturing Inc., 6.54 percent; Toyota Motor Manufacturing U.S.A. Inc., 3.24 percent; New United Motor Manufacturing Inc., 3.07 percent; Diamond-Star Motors Corp., 2.20 percent; Mazda Motor Manufacturing (USA) Corp., 2.06 percent; Nissan Motor Manufacturing Corp. U.S.A., 1.15 percent; and Subaru-Isuzu Automotive Inc., 0.33 percent.

Big 3 and transplant producers scheduled no overtime last week because of the holiday weekend.

Chrysler reported production at its St. Louis No. 1 plant will be extended seven weeks to Nov. 9. The original closing date was Sept. 21. The plant assembles Chrysler LeBaron J and Dodge Daytona cars.

The extended production will enable the company to complete early 1991-model-year fleet orders, especially convertibles. The plant employs 2,300 workers.

Truckers blockade cuts Canada output

Canadian vehicle production was cut last week as independent Canadian truckers blocked the truck lanes of the Ambassador Bridge, which links Detroit and Windsor, Ontario.

The Canadian truckers were protesting government free-trade policies, which the Canadians say undercut their ability to compete with U.S. truckers.

Car and truck producers ran low on parts and were forced to send workers home or reduce working hours.

The blockade began Tuesday night and ended Thursday night after Doug Lewis, Canada's transportation minister, agreed to investigate the issues raised by the truckers.

The strike affected General Motors' plants in Oshawa and Scarborough, Ontario, and St. Therese, Quebec; Ford Motor Co's Oakville and St. Thomas, Ontario, assembly plants; and Chrysler Corp's Windsor and Pillette Road plants in Windsor.

The companies did not adjust last week's estimates to show production lost because of the blockade. Before the blockade, they had scheduled production of 21,502 cars and 17,408 trucks.

U.S. CAR	Week Ended May 26, 1990	Week Ended May 27, 1989	Week Ended May 19, 1990	May Est	Jan. 1 to May 26, 1990	Jan. 1 to May 27, 1989
Horizon	0	780	0	0	4,327	7,174
Sundance	1,500	2,573	1,941	7,003	30,858	50,020
Acclaim	2,700	2,807	3,344	11,298	37,079	51,263
Total Plymouth	4,200	6,160	5,285	18,301	72,264	108,457
LeBaron A	300	0	424	1,374	9,079	0
LeBaron J	1,400	2,776	1,455	5,400	17,418	50,531
LeBaron GTS	0	0	0	0	0	2,946
N. Yorker C-Class	1,500	1,812	1,914	6,553	14,884	47,761
Fifth Avenue	800	0	998	3,374	12,489	0
Imperial	300	0	404	1,344	7,014	0
Total Chrysler	4,300	4,588	5,195	18,045	60,884	101,238
Omni	0	1,010	0	0	4,078	8,433
Daytona	900	1,869	935	3,546	12,639	43,396
Shadow	2,000	2,238	2,309	8,369	35,073	48,902
Dynasty	2,600	3,038	3,138	10,836	46,547	67,297
Lancer	0	0	0	0	0	1,528
Spirit	2,300	2,637	2,905	9,779	37,348	47,654
Total Dodge	7,800	10,792	9,287	32,530	135,685	217,210
CHRYSLER MOTORS	16,300	21,540	19,767	68,876	268,833	426,905
Escort	7,066	4,131	6,984	24,914	85,747	146,208
Mustang	3,697	5,480	3,710	14,109	59,427	96,095
Tempo	3,218	2,978	3,266	12,341	56,370	67,223
Taurus	4,600	7,970	4,469	23,065	150,550	167,132
Thunderbird	3,488	3,241	3,860	11,112	48,806	73,080
Total Ford Div.	22,069	23,800	22,289	85,542	400,900	549,738
Topaz	1,182	1,425	1,134	4,379	21,390	30,088
Cougar	2,137	2,167	1,635	5,556	30,775	62,281
Sable	646	2,531	801	6,094	44,269	54,575
Total Mercury	3,965	6,123	3,570	16,029	96,434	146,944
Continental	1,530	1,440	1,454	5,135	23,695	30,654
Mark VII	306	479	337	1,713	10,986	11,031
Town Car	3,060	2,881	3,822	13,305	69,196	56,363
Total Lincoln	4,896	4,800	5,613	20,153	103,877	98,048
Total L-M Div.	8,861	10,923	9,183	36,182	200,311	244,992
FORD MOTOR CO.	30,930	34,723	31,472	121,723	601,211	794,730
Skyhawk	0	248	0	0	0	6,857
Skylark/Somerset	1,913	1,382	2,589	7,989	36,583	24,416
Century	1,593	2,810	1,693	6,343	27,651	51,795
Riviera	518	0	531	2,115	9,730	10,418
Electra	789	2,298	306	1,313	13,746	36,255
LeSabre (fwd)	4,253	4,385	3,933	14,842	68,735	65,040
LeSabre (rwd)	303	64	290	1,094	3,370	3,515
Reatta	211	200	211	802	3,676	2,993
Total Buick	9,580	11,387	9,553	34,498	163,491	201,289
Eldorado	469	0	450	1,659	8,933	16,301
Seville	1,129	0	1,139	4,888	14,988	11,984
Brougham (rwd)	0	624	0	0	13,065	17,000
DeVille (fwd)	3,827	4,219	4,907	16,866	70,519	93,755
Allante	89	75	89	338	1,552	1,378
Total Cadillac	5,514	4,918	6,585	23,751	109,057	140,418
Cavalier	6,977	6,873	8,349	30,028	130,828	166,897
Camaro	2,110	2,758	1,967	7,663	25,489	52,999
Celebrity	0	1,980	0	0	0	57,957
Corsica/Beretta	6,200	8,962	6,193	23,465	115,895	178,380
Caprice	5,660	4,062	5,672	13,744	84,085	86,212
Corvette	550	560	551	2,113	9,843	11,129
Total Chevrolet	21,497	25,195	22,732	77,013	366,140	553,574
Calais	2,359	2,136	2,491	9,809	39,883	41,305
Cutlass Ciera	1,955	1,884	1,820	6,016	32,267	36,129
Cutlass Supreme	2,010	3,558	1,867	7,106	34,737	48,719
Toronado	236	0	232	965	7,756	4,255
88 (fwd)	2,817	2,880	3,106	11,187	40,895	70,697
88 (rwd)	0	179	0	0	2,295	3,425
98	1,373	1,117	1,324	4,787	23,304	36,819
Total Oldsmobile	10,750	11,754	10,840	39,870	181,137	241,349
Sunbird	3,675	3,147	4,283	15,351	60,819	65,566
Grand Am	4,848	4,884	4,754	18,337	79,284	106,684
Firebird	1,345	1,291	1,233	4,659	15,484	29,523
Grand Prix	3,180	4,000	3,030	11,500	44,578	66,352
Pontiac 6000	1,395	1,130	1,471	5,544	23,988	38,006
Bonneville	2,340	762	2,422	9,468	33,818	42,374
Safari/Parisienne	0	151	0	0	0	2,411
Total Pontiac	16,783	15,365	17,193	64,359	257,971	350,918
GENERAL MOTORS	64,124	68,619	66,903	239,991	1,077,796	1,487,546
DIAMOND-STAR	3,015	1,510	3,019	11,711	58,743	18,738
HONDA	8,940	7,699	9,115	34,000	181,522	161,335
Civic	2,700	2,569	2,908	10,449	50,522	54,213
Accord	6,240	5,130	6,207	23,551	131,000	107,122
MAZDA†	2,818	4,415	2,818	10,484	72,677	99,462
NISSAN	1,570	2,708	1,546	5,900	42,360	48,051
NUMMI	4,200	4,184	4,339	16,979	85,914	83,065
Corolla	2,000	1,642	2,007	7,918	43,696	33,747
Geo Prizm/Nova	2,200	2,542	2,332	9,061	42,218	49,318
SUBARU-ISUZU	455	0	491	1,689	10,812	0
TOYOTA	4,434	2,960	4,446	16,758	91,024	42,876
Total Cars, U.S.	136,786	148,358	143,916	528,111	2,490,892	3,162,708
Total Cars, Canada	21,502	18,714	21,458	90,496	422,095	416,207
U.S., Canada Cars	158,288	167,072	165,374	618,607	2,912,987	3,578,915
U.S., Canada Cars and Trucks	266,823	273,947	282,302	1,048,398	4,938,442	5,880,512

Monthly estimates may contain error of one or two units due to rounding.
†—Total includes MX-6, 626, and Ford Probe
*—Estimated

CANADIAN CAR	Week Ended May 26, 1990	Week Ended May 27, 1989	Week Ended May 19, 1990	May Est	Jan. 1 to May 26, 1990	Jan. 1 to May 27, 1989
Monaco	512	0	291	1,483	5,076	0
Premier	508	1,398	584	1,687	2,939	18,256
CHRYSLER MOTORS	1,020	1,398	875	3,170	8,015	18,256
Tempo	2,688	2,654	3,329	12,022	52,571	62,764
Topaz	1,152	1,135	1,424	5,120	19,262	26,544
Crown Victoria	2,140	2,283	3,009	9,692	50,985	56,210
Grand Marquis	1,700	2,233	2,455	9,860	47,121	62,106
FORD MOTOR CO.	7,680	8,305	10,217	36,694	169,959	207,624
Celebrity	936	799	0	3,052	10,780	6,856
Cutlass Ciera	1,912	2,061	0	6,138	33,474	72,757
Lumina	3,832	3,114	3,856	16,454	89,541	36,186
Regal	2,568	1,448	2,409	9,787	30,196	32,729
GENERAL MOTORS	9,248	7,422	6,265	35,432	163,991	148,528
HONDA	1,720	1,177	2,201	7,869	43,878	34,145
HYUNDAI	440	0	486	1,837	7,518	0
TOYOTA	1,250	268	1,234	4,846	25,063	4,055
VOLVO	144	144	180	648	3,671	3,599
Total Cars, Canada	21,502	18,714	21,458	90,496	422,095	416,207

U.S. TRUCK	Week Ended May 26, 1990	Week Ended May 27, 1989	Week Ended May 19, 1990	May Est	Jan. 1 to May 26, 1990	Jan. 1 to May 27, 1989
Caravan	2,000	2,047	2,597	8,894	47,021	47,363
Dakota	1,500	2,258	1,871	6,727	30,824	48,350
Caravan C/V	100	103	121	486	2,990	3,894
Ram pickups	2,300	2,263	2,982	10,306	45,444	48,380
Total Dodge	5,900	6,671	7,571	26,414	126,279	147,987
Cherokee	4,000	4,568	4,065	15,395	68,978	98,799
Comanche	200	574	223	794	3,253	13,873
Grand Wagoneer	0	350	325	650	2,105	5,723
Wagoneer	100	109	102	400	1,612	3,897
Total Jeep	4,300	5,601	4,715	17,239	75,948	122,292
Voyager	1,800	1,933	2,415	8,197	44,862	45,006
Town & Country	50	163	51	196	1,462	445
Total C-P Div.	1,850	2,096	2,466	8,394	46,324	45,451
CHRYSLER MOTORS	12,050	14,368	14,752	52,046	248,551	315,730
Aerostar	4,975	5,015	5,437	19,748	83,162	104,739
Bronco	1,184	1,407	1,189	4,547	22,696	36,156
Bronco II	5,735	2,428	6,080	21,140	59,468	56,093
Econoline	4,666	5,219	5,143	18,914	81,869	105,329
Mediums/Heavies	1,294	1,303	1,286	4,834	21,952	29,059
Light trucks	10,697	11,398	11,046	40,615	190,393	236,598
Ranger	5,764	5,933	6,720	23,799	124,348	148,197
Total Ford Div.	34,315	32,703	36,901	133,596	583,888	714,171
FORD MOTOR CO.	34,315	32,703	36,901	133,596	583,888	714,171
Astro	2,634	3,377	3,164	11,240	48,490	72,840
Blazer	410	529	550	1,744	7,311	11,965
Lumina APV	2,315	0	2,179	8,796	41,609	0
Mediums/Heavies	340	0	359	1,121	3,813	1,312
P-Model	620	831	641	2,420	10,300	14,694
Pickups	7,131	8,026	7,105	27,112	145,083	170,088
S-10	5,009	5,076	5,182	19,046	96,503	116,254
S-10 Blazer	3,834	3,990	4,141	14,429	52,900	81,469
Sportsvan/Van	1,746	1,950	2,101	7,507	28,548	41,942
Suburban	1,468	1,526	1,755	5,898	27,912	33,305
Total Chevrolet	25,507	25,305	27,177	99,313	462,469	543,869
Jimmy	119	177	127	471	2,311	3,601
Mediums/Heavies	500	0	608	2,259	6,470	1,496
P-Model	80	138	80	280	1,279	1,907
Pickups	2,746	2,227	2,864	10,483	51,229	50,965
S-15	1,167	991	1,210	4,439	23,607	27,397
S-15 Jimmy	1,257	1,031	1,384	4,551	16,505	23,425
Safari	1,252	951	1,589	4,443	15,937	18,617
Suburban	813	578	958	3,130	12,629	13,403
Vandura/Rally Vans	714	572	395	1,832	9,614	11,646
Total GMC	8,648	6,665	9,215	31,890	139,581	152,457
Olds Silhouette	883	0	972	3,284	13,592	0
Pontiac Trans Sport	1,070	0	1,130	4,285	22,888	0
GENERAL MOTORS	36,108	31,970	38,494	138,772	638,530	696,326
NAVISTAR	1,640	1,920	1,663	6,289	29,880	37,013
NISSAN	3,230	2,406	3,153	12,090	63,441	53,338
SUBARU-ISUZU	334	0	408	1,357	10,559	0
AM GENERAL*	450	450	450	1,710	9,540	9,270
MISCELLANEOUS*	3,000	3,000	3,000	11,400	63,600	57,100
Total Trucks, U.S.	91,127	86,817	98,821	357,260	1,647,989	1,882,948

CANADIAN TRUCK	Week Ended May 26, 1990	Week Ended May 27, 1989	Week Ended May 19, 1990	May Est	Jan. 1 to May 26, 1990	Jan. 1 to May 27, 1989
Caravan	3,047	2,744	2,790	11,758	66,663	63,518
Caravan C/V	264	397	262	1,079	5,435	5,047
Ram Wagon	615	818	629	2,551	10,281	12,314
Ram Van	1,305	2,044	1,308	5,487	25,007	31,801
Total Dodge	5,231	6,003	4,989	20,874	107,386	112,680
Voyager	2,321	3,112	2,153	9,047	54,407	55,266
Total Plymouth	2,321	3,112	2,153	9,047	54,407	55,266
Wrangler	1,324	2,056	1,591	5,773	22,999	34,492
Total Jeep	1,324	2,056	1,591	5,773	22,999	34,492
CHRYSLER MOTORS	8,876	11,171	8,733	35,694	184,792	202,438
FORD MTR. (lt. trks.)	2,888	2,817	3,605	12,416	60,232	72,016
Light trucks	2,771	2,779	2,948	12,063	72,117	65,491
Vans	1,116	1,106	897	4,374	19,645	28,233
Total Chevrolet	3,887	3,885	3,845	16,437	91,762	93,724
Light trucks	1,133	1,459	1,064	4,737	27,224	31,335
Vans	444	545	629	2,430	9,070	13,857
Total GMC	1,577	2,004	1,693	7,167	36,294	45,192
GENERAL MOTORS	5,464	5,889	5,538	23,604	128,056	138,916
NAVISTAR	180	181	231	817	4,386	
Total Trks., Canada	17,408	20,058	18,107	72,531	377,466	418,649
U.S., Canada Trks.	108,535	106,875	116,928	429,791	2,025,455	2,301,597

*—Estimated
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.